

2005 Annual Report

Arkansas Public Service Commission Utilities Division



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SECTION 1 - INTRODUCTION

The Arkansas Public Service Commission (Commission or APSC) has general regulatory authority over electric, gas, telecommunications, water and sewer services which are provided to the public for compensation. The Commission is charged with the duty of ensuring that a public utility charges rates that will allow it the opportunity to earn a fair return on invested capital and that the customer does not pay more than necessary to produce a fair return to the utility for its service.

The Commission does not have regulatory authority over municipally-owned or operated utilities. Additionally, the Commission has limited jurisdiction over small water and sewer utilities and most telecommunications utilities. More specifically, small water and sewer utilities are not subject to Commission jurisdiction unless either the utility or its customers petition the Commission to exercise its regulatory jurisdiction over that utility.

In response to the Federal Telecommunications Act of 1996 which opened telecommunications markets to competition, the General Assembly enacted Act 77 of 1977 which significantly altered the regulation of the telecommunications industry in the state. The rates of most of the Incumbent Local Exchange Carriers (ILECs) in the state are not subject to regulation, however, the Commission continues to regulate the quality of service of all ILECs and Competitive Local Exchange Carriers. Competitive Local Exchange Carriers and Interexchange Carriers must obtain a Certificate of Public Convenience and Necessity from the Commission to provide service in Arkansas and all telecommunications providers must comply with the Telecommunications Provider Rules adopted by the Commission in response to Act 77.

In compliance with Ark. Code Ann. §23-2-315 (2002), the Commission submits an annual report to the Governor during the month of April. This Report focuses on Commission regulatory authority, organization, and activities during 2005. The following sections of this Report describe the agency organization (Section 2); summarize the highlights of Commission proceedings in each of the utility industries (Section 3); describe other non-docketed reviews conducted during 2005 (Section 4); provide information on customer complaint resolution (Section 5); summarize the Commission's efforts in federal utility proceedings (Section 6); and set forth our participation in national utility regulatory organizations (Section 7).

The utilities under the Commission's jurisdiction in 2005 are listed in Appendix A. These utilities generate annual revenues in Arkansas of approximately \$4.9 billion, of which \$4.0 billion are jurisdictional revenues. Details of the revenues for each utility and other utility-specific statistics, as reported to the Commission in 2005 for the year 2004, are included in Appendix B. To finance its regulatory operations, the Commission is authorized to levy and collect an annual fee based proportionally on the gross earnings of each utility. The APSC receipts and disbursements for 2005 are outlined in Appendix C.

This Report is also available on the Commission website www.arkansas.gov/psc.

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SECTION 2 - AGENCY ORGANIZATION

The APSC consists of three Commissioners appointed by the Governor for overlapping six-year terms. The agency has 114 regular staff positions divided into two Divisions: the Utilities Division and the Tax Division.

The Commissioners have oversight responsibility for both Divisions. This report addresses Utilities Division activities. The Tax Division submits a separate report biennially.

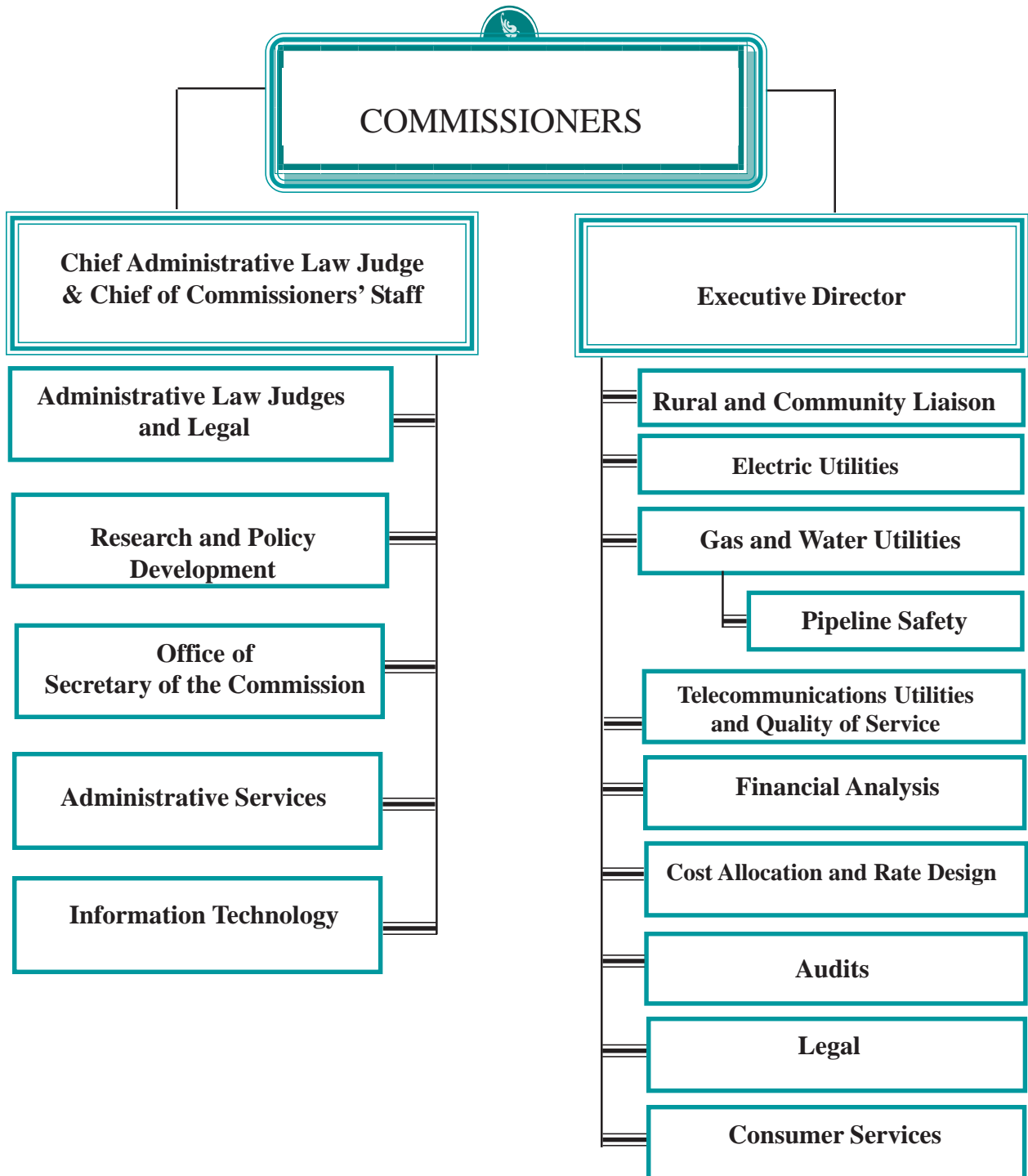
The Utilities Division, including our federally reimbursed Pipeline Safety Office, has 99

authorized regular positions. This total includes the Commissioners and their immediate staff, which encompasses their Administrative Law Judges and Legal Section, Research and Policy Development Section, the Office of the Secretary of the Commission, the Administrative Services Section, the Information Technology Section, and the Executive Director including the seven General Staff Sections. A list of all Sections with their assigned number of positions, the organization chart, and a brief description of the responsibilities of each Section follow.

Position Summary

Organization Component	Number of Positions
Commissioners	3
Commissioners' Staff	
Administrative Law Judges and Legal.....	7
Research and Policy Development	6
Secretary of the Commission	7
Administrative Services	5
Information Technology	6
Support Staff	2
General Staff	
Executive Director's Office	3
Electric Utilities	4
Gas and Water Utilities	5
Pipeline Safety	7
Telecommunications Utilities	3
Quality of Service	3
Financial Analysis.....	7
Cost Allocation and Rate Design	5
Audits	8
Legal	8
Consumer Services.....	10
Total	99

Organization Chart



COMMISSIONERS

With both quasi-legislative and quasi-judicial authority, the Commissioners render decisions covering a wide spectrum of issues including policy matters, rates, tariffs, territory allocations, utility plant construction sitings and bond issues.

The Commissioners' Staff, under the direction of the Chief Administrative Law Judge, is comprised of five Sections: (1) the Administrative Law Judges and Legal Section; (2) the Research and Policy Development Section; (3) the Office of the Secretary of the Commission; (4) the Administrative Services Section; and (5) the Information Technology Section. Responsibilities of each Section are described below.

COMMISSIONERS' STAFF

Administrative Law Judges and Legal Section

This Section is comprised of Administrative Law Judges and attorneys. The Administrative Law Judges render decisions in dockets delegated to them by order of the Commission. Attorneys in this Section also advise and represent the Commission on various state and federal legal matters.

Research and Policy Development Section

This Section, under the supervision of the Director of Research and Policy Development, is the technical arm of the Commissioners' Staff, with personnel specializing in the telecommunications, electric, natural gas, and water industries, as well as in economic, legal, and accounting matters. This Section provides technical and policy advice to the Commissioners in both state and federal proceedings and actively participates as expert witnesses before the Federal Energy Regulatory Commission. This Section also presents testimony and/or comments on behalf of the Commission before the Federal Communications Commission, the Securities and Exchange Commission, and the Department of Energy.

Office of the Secretary of the Commission

All documents filed with the Commission and all orders issued by the Commission are processed by this Office. Official Commission records such as docket files, tariffs, and annual reports are also maintained in this area. This Office provides the public with access to official Commission records either directly as requested or through the Commission's Internet web site.

Administrative Services Section

Staff members assigned to the Administrative Services Section provide administrative support for the Utilities Division. This Section is comprised of two units: the Fiscal/Personnel Office and the Mail/Supply/Copy Center.

Fiscal/Personnel staff members prepare initial budgets; handle purchasing, accounting, inventory control and payroll; assist in developing assessments for the APSC's operating budget; and assist with the Federal Department of Transportation Pipeline Safety Grant. Maintaining personnel records, screening and processing job applicants, conducting new employee orientation, and coordinating employee training and management classes are other functions performed by the Fiscal/Personnel Office.

The Mail/Supply/Copy Center handles internal mail distribution, photocopying, central supplies, and maintenance of the agency vehicle fleet.

Information Technology Section (IT)

IT is the agent for implementing technology solutions to further Commission initiatives. IT supports the entire agency. The primary missions of IT are personal computer and network operations for general office functions such as office automation, electronic mail, internet research, file and print sharing; system development and maintenance for the Tax Division tax assessment systems; and Commission operations support including enhancing electronic communication with external parties and citizens.

GENERAL STAFF

Office of the Executive Director

The Executive Director is responsible for the overall management of the General Staff of the Utilities Division. Staff members in the Utilities Division perform a wide variety of responsibilities which are accomplished through the seven Sections described below. In addition to the members of these seven Sections, the Rural and Community Liaison position also reports to the Executive Director. The liaison is actively involved in community outreach and educational programs for community, business, and customer groups across the State.

Electric Utilities Section

The Electric Utilities Section is responsible for investigating, analyzing, evaluating, and presenting testimony regarding issues and policies as they relate to the electric industry. In carrying out its responsibilities the Electric Utility Section analyzes the activities, operations, costs, and earnings of the four investor-owned electric utilities, eighteen rural distribution electric cooperatives, and one wholesale electric cooperative under the Commission's jurisdiction. This group is also involved in evaluating the impact of Federal Energy Regulatory Commission initiatives and decisions on Arkansas utilities' policies, rates, service reliability, and quality of service and providing information to the Commission regarding the costs and benefits of implementing such federal regulatory commission initiatives. In addition, Staff members are responsible for developing regulations and guidelines necessary to implement state and federal legislative mandates and for evaluating and monitoring the utilities implementation of the regulations and guidelines. Members of the Section also conduct compliance audits of utilities with approved automatic adjustment clauses, perform special project analyses, conduct general and special issue audits and investigations, and provide technical evaluations and responses to address inquiries from the public.

Natural Gas and Water Utilities Section

The Natural Gas and Water Utilities Section has two distinct functions. Natural Gas and Water Staff members primarily focus on financial and rate matters concerning natural gas, water and sewer utilities. They must understand and evaluate the complex rate structures and the earnings requirements of the three natural gas utilities, four water utilities, and one sewer utility currently under the Commission's jurisdiction. They also conduct compliance audits for utilities with approved automatic adjustment clauses.

This Section also contains the Pipeline Safety Office. The role of the Pipeline Safety Office members is to ensure that natural gas operators are in compliance with the Arkansas Gas Pipeline Code. Compliance is determined through periodic inspections of safety, corrosion, and leakage control which are performed on 30 intra-state natural gas operators and 181 operators covering 331 master-metered gas systems.

Telecommunications Utilities and Quality of Service Section

The Telecommunications and Quality of Service Section is responsible for certification, rate, financial, accounting, technical, and quality of service matters specific to the telecommunications industry and is responsible for power line construction certification, technical, and quality of service matters specific to the electric industry.

Staff members interact with both investor-owned and cooperative electric utilities, local exchange carriers, interexchange carriers, pay telephone service providers and the public. That interaction is necessary to be responsive to changes in the industries, introduction of new services, effects of federal regulatory actions and questions and service problems of the public. This Section conducts an ongoing evaluation of the quality of service provided by both electric utilities and local exchange carriers in Arkansas. That evaluation measures the utilities' performance against the Commission's General Service Rules and Special Rules - Electric and the carriers' performance against

the Commission's Telecommunications Providers Rules and is administrated to ensure that each utility and carrier is evaluated at least once every two years.

Financial Analysis Section

The Financial Analysis Section performs various financial and economic analyses, evaluates depreciation rates and capital recovery issues, assesses the required rate of return and other financing issues for jurisdictional utilities, participates in all rate case proceedings and reviews of earnings levels, conducts focused investigations, and develops Staff's position on various regulatory issues, including nuclear decommissioning and mergers. Staff personnel specialize in utility industries as well as economic, financial, and accounting matters. Each member of the Section presents recommendations to the Commission through pre-filed expert testimony, oral testimony, and cross-examinations during public hearings.

Cost Allocation and Rate Design

The Cost Allocation and Rate Design Section performs various statistical and economic analyses, evaluates cost allocation and rate design issues, conducts focused investigations, participates in all rate case proceedings, and develops Staff's position on various regulatory issues including non-standard rate recovery mechanisms. Section personnel specialize in electric and gas utility industries as well as statistical, economic, and accounting matters. Each member of the section presents recommendations to the Commission through pre-filed expert testimony, oral testimony, and cross-examinations during public hearings.

Audits Section

The Audits Section participates in all rate case proceedings. Section staff members conduct extensive reviews, audits, and analyses of rate case applications; conduct ongoing reviews of the earnings levels of public utilities; evaluate transactions between regulated utility companies and their affiliates; and conduct compliance audits.

Legal Section

Attorneys on the General Staff perform a dual function at the Commission. They represent the Staff in proceedings before the Commission and represent the Commission in matters and proceedings outside the Commission, such as appellate cases and appearances before federal regulatory commissions. Additionally, Legal Section attorneys act as Commission hearing officers in certain designated dockets.

Consumer Services Section

The Consumer Services Section works with customers to answer questions and resolve complaints about the rates and services of regulated utilities. Staff members review all complaints for compliance with APSC rules and approved utility tariffs and act as liaisons with utilities in resolving those complaints. This Section also provides educational brochures and materials and makes group presentations as needed.

Another responsibility of the Consumer Services Section is customer service audits of jurisdictional utility companies. The audits consist of a thorough review of utility policies and procedures. The objective is the identification of opportunities for improvement, and recommendations are often made to ensure compliance with Commission Rules. Upon request, Staff members will conduct rules training sessions for utility personnel.

Rural and Community Liaison

The Rural and Community Liaison serves as a communications link between the Commission and utility customers in Arkansas, particularly those in rural areas. The Liaison is responsible for providing information to communities and utility customers concerning utility matters within the jurisdiction of the Commission. The Liaison is also responsible for identifying questions and concerns that utility customers may have concerning utility issues and communicating those concerns to the Commissioners and the Commission Staff. The Liaison works with stakeholders in rural areas and

communities, including legislators, civic and community leaders, customers and customer groups, and utility personnel.

During the past year, the Liaison has met with numerous civic and community organizations, local officials, legislators and rural utility customers throughout the State regarding utility matters and issues pending before the Commission. The Commissioners and the Executive Director have also participated in this community outreach effort visiting with community leaders throughout the State. Since this program began, the Commissioners' outreach efforts have taken the Commissioners and/or their representatives into over 90 communities in 75 counties. Through these efforts, the Commissioners and Staff continue to gain a better understanding of customers' needs and what type of information is necessary to provide answers to their utility questions and concerns.

SECTION 3 - DOCKET SUMMARY & HIGHLIGHTS

As shown in the tables below, 172 new dockets were initiated during 2005 and 524 orders issued. Highlights of the significant proceedings for each industry during 2005 follow.

2005 Docket Activity Summary

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Total
New Dockets	11	12	13	10	13	16	16	18	5	11	12	35	172
Filings	192	198	289	221	335	318	380	346	344	323	204	248	3,398
Hearings	1	1	2	4	2	1	2	9	6	2	4	1	35
Hearing Days	1	1	2	5	2	1	2	12	9	2	7	1	45

Summary Schedule of Orders Issued In 2005

Order Type	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Total
Electric	6	9	9	5	11	8	12	14	11	24	14	7	130
Gas	8	2	10	11	6	12	7	5	7	4	8	4	84
Telephone	18	19	21	16	25	20	33	62	26	17	24	25	306
Water/Sewer	1	0	1	0	0	0	2	0	0	0	0	0	4
Total	33	30	41	32	42	40	54	81	44	45	46	36	524

Industry Highlights

Rulemaking

In October 2005, the Commission initiated a rulemaking docket to consider revising Rule 6.15., Cold Weather Rule, of the Commission's General Service Rules. The Cold Weather Rule governs the disconnection of utility service when the expected temperature on any given day is forecast to be 32 degrees or lower. The Commission was concerned that the existing Cold Weather Rule could no longer be adequate to protect the health and safety of residential utility customers. After considering written comments and oral comments given by the public at the public hearing, the Commission amended the Cold Weather Rule as it applies to natural gas utilities. Customers who qualify for Food Stamps, WIC, TEA, Medicaid, or LIHEAP public assistance are eligible for the amended provisions of Rule 6.15. The amended Cold Weather Rule provisions allow a qualifying natural gas customer to maintain service during the winter if that customer agrees to pay a specified amount of the monthly bill. The amended Cold Weather Rule became effective at the start of the 2005/2006 winter heating season.

Late in 2005, the Commission established a rulemaking docket to address any needed changes to General Service Rule 5.20, Separate Metering and Billing, for gas utilities. A hearing is set for May 2006.

In January 2006, the Commission initiated a rulemaking proceeding to address energy efficiency programs and conservation measures. The purpose of the docket is to identify the most appropriate ways to increase the use of energy efficiency and conservation measures, to the benefit of the state, and all classes of customers. On February 21, 2006, the Commission held a workshop to begin the process of gathering information on best practices in the energy efficiency area and discussing cost-effective opportunities in Arkansas. Initial Comments were filed by all jurisdictional gas and electric utilities,

the General Staff, the Attorney General, and several intervening parties. This rulemaking is currently pending before the Commission.

In February 2006, the Commission initiated a rulemaking proceeding for the purpose of developing Resource Planning Guidelines. The Resource Planning Guidelines will establish a policy framework for the state's regulated electric utilities to guide them in selection decisions for their electric generation and energy portfolios, transmission enhancements, and demand resource programs. This docket is currently pending before the Commission.

Electric Industry

In May 2005 the Commission approved a Joint Stipulation and Settlement Agreement (Settlement Agreement) granting Empire District Electric Company a rate increase of \$595,449, or 7.6 percent. The Settlement Agreement received the full support of each of the parties to the docket, representing a compromise of the diverse positions and interests of each.

In August, the Commission granted Arkansas Electric Cooperative Corporation (AECC) a rate increase of approximately \$12 million, or 3.8 percent. AECC is the wholesale provider of electricity to each of the eighteen distribution cooperatives that provide retail electric service in Arkansas. Subsequent to AECC's wholesale rate change, each of the distribution cooperatives filed rate revisions to adjust their retail rates to incorporate the wholesale rate increase.

Nine distribution cooperatives filed to increase their rates under Act 821 of 1987 which allows the electric cooperatives to implement rate increases of ten percent or less after giving ninety days notice to their customers and the Commission.

In 2005, electric utilities experienced unprecedented increases in fuel costs driven largely by a significant increase in the price of natural gas. Entergy Arkansas, Inc. (EAI), Southwestern Electric Power Company (SWEPCO), Oklahoma Gas and

Electric Company (OG&E), and Empire District Electric Company (Empire) recover their fuel costs incurred to generate electricity through an Energy Cost Recovery rate applied to their customers' monthly electric bills. The Energy Cost Recovery rate is calculated annually in March and remains in effect until the following March unless the utility experiences a significant cumulative under or over collection in fuel costs. The precipitous increase in natural gas prices in 2005 resulted in a significant under collection of fuel costs, leading the electric investor- owned utilities to request interim adjustments to increase their Energy Cost Recovery rates in the last quarter of the year.

In a related matter, given the significant rate increase experienced by EAI's customers as a result of the implementation of EAI's interim revised Energy Cost Recovery, the Commission initiated an investigation of EAI's fuel costs. The investigation will examine EAI's gas contracting, portfolio, and hedging practices, wholesale purchases, coal inventory management, and the Company's response to the contractual failure of the railroads to provide coal deliveries to its coal generation plants. This matter is currently pending before the Commission.

AECC filed an application for a Certificate of Public Convenience and Necessity (CCN) to purchase, own, operate and maintain the Wrightsville Power Facility, a 548 megawatt combined cycle gas-fired generating station located near Wrightsville, Arkansas. AECC's acquisition price for the plant of \$85 million, or \$155 per kilowatt, is below the price of other generating facilities, on a kilowatt hour basis, recently acquired in the region. Based on current forecasts, AECC will need additional capacity by 2009. The Commission granted AECC a CCN finding that the acquisition of the Wrightsville Power Facility on the terms specified by AECC will serve the public interest, convenience, and necessity.

In 2004, the Federal Energy Regulatory Commission granted the Southwest Power Pool (SPP) status as a regional transmission organization (RTO). As an RTO, the SPP may oversee the day to day operations of the transmission facilities within the region, including Arkansas. Participation by Arkansas jurisdictional utilities in the SPP RTO is subject to Commission approval. SPP filed an application for a CCN to transact the business of an

electric public utility in the State of Arkansas to the extent that it will be asserting functional control over transmission assets of the Arkansas utilities that are members of SPP. Each of the electric utilities in Arkansas that intend to participate in the SPP RTO filed applications with the Commission to transfer functional control of their transmission facilities to SPP. A study of the costs and benefits of SPP members transferring functional control of, and operational authority over, their transmission facilities to SPP was conducted and filed with the Commission in 2005. This matter is currently pending before the Commission.

The Commission addressed six proceedings involving the construction of transmission lines, substations, and a switching station during the year. OG&E filed an application for a Certificate of Environmental Compatibility and Public Need (CECPN) to construct and operate twelve miles of transmission line in Logan County near Paris, Arkansas and a CECPN to construct and operate twelve miles of transmission line in Crawford County in Northwestern Arkansas. The Commission approved the construction of these transmission lines. The Commission also approved Carroll Electric Cooperative's request for a CCN to relocate one mile of 69KV transmission line in Benton County. EAI filed three CCN applications including a request to construct a two mile line in Maumelle, Arkansas; a switching station and transmission interconnection in Searcy County; and a transmission line relocation in Mississippi County. The Commission approved the construction of the transmission line in Maumelle, the switching station and transmission interconnection in Searcy County, and Phase I of the transmission line relocation in Mississippi County. SWEPCO filed a CECPN to construct a 16 mile, 345 kV transmission line in Benton and Washington Counties. The Commission approved the need for the transmission line, but not the proposed route. This matter, with regard to the appropriate route, is pending before the Commission.

In June 2005 the Nuclear Regulatory Commission (NRC) granted Entergy's request to extend the license for its Arkansas Nuclear One (ANO) Unit 2 for twenty years. In 2001 the NRC had granted Entergy's similar request for a twenty year license extension for its ANO Unit 1. The APSC

suspended the collection of nuclear decommissioning funds effective January 1, 2001 and annually reviews the continued adequacy of the nuclear decommissioning trust funds. As of December 31, 2005, the amounts collected and held in external trusts had a market value of \$402 million.

Gas Industry

In November 2004, CenterPoint Energy Arkla (CenterPoint Energy), the State's largest natural gas utility, filed for a rate increase of approximately \$34 million. Staff investigated CenterPoint Energy's application and filed extensive written testimony and exhibits supporting a reduction in CenterPoint Energy's rates. An evidentiary hearing was held in August 2005 for the purpose of receiving public comments and litigating the issues contested by the parties. Public comment hearings were conducted in Monticello, Jonesboro, Brinkley, Texarkana, and Russellville. The Commission found that CenterPoint Energy's rates should be reduced approximately \$11.3 million effective September 2005. The Commission determined that the last remaining issue arising from the rate case, the proper form of the Main Replacement Program Rider, would be decided in Docket No. 05-124-U.

Also in late 2004, Arkansas Western Gas Company (AWG), the State's second largest natural gas utility, filed for a rate increase of approximately \$9.7 million. Staff investigated the application and filed extensive written testimony and exhibits containing its recommendations. An evidentiary hearing was held in September 2005 for the purpose of receiving public comments and litigating the issues contested by the parties. Public comment hearings were conducted in Fayetteville and Blytheville. The Commission found that AWG had justified an approximate \$4.6 million increase which became effective in October, 2005.

In early 2005, Arkansas Oklahoma Gas Company (AOG), the State's third largest natural gas utility, filed for a rate increase of approximately \$6.9 million. Staff investigated the application and filed extensive written testimony and exhibits containing its recommendations. An evidentiary hearing was held in November 2005 for the purpose of receiving

public comments and litigating the issues contested by the parties. A public comment hearing was conducted in Fort Smith. The Commission found that AOG had justified an approximate \$4.4 million increase which became effective December 2005. A rehearing on certain issues is pending.

Using the Commission's Natural Gas Procurement Plan Rules, Staff reviewed the gas supply portfolios of all Arkansas natural gas utilities. The Procurement Plan Rules were designed to guide all of the natural gas utilities in their purchasing decisions, and the Procurement Plan Rules directed the natural gas utilities to develop diversified gas supply portfolios. After an evaluation of the gas supply portfolios, Staff determined that all three natural gas utilities had developed plans that were consistent with the Commission's Procurement Plan Rules. In late 2004, the Commission established dockets to determine if the gas costs reflected in CenterPoint Energy's, AWG's, AOG's Scheduled Winter Cost of Gas filings were reasonable and to track the under/over recovery of those gas costs through the winter heating season. In early 2005, CenterPoint Energy and AWG filed proposing to lower their cost of gas rates. After a Staff evaluation, the Commission approved CenterPoint Energy and AWG's requests.

Following the procedure for disputing amounts proposed to be collected from ratepayers through CenterPoint Energy's Main Replacement Program (MRP) Rider, Staff initiated Docket No. 05-124-U in October 2005. Additionally to the correctness of recovering certain costs through the MRP Rider, the Commission has also concluded that the resolution of the MRP Rider issues arising from Docket No. 04-121-U will be determined in this Docket. The commission will establish a procedural schedule in 2006.

In 2005, AWG proposed a Home Weatherization Program (Weatherization Program) applicable to residential customers living in homes built prior to 1990 and having a specified minimum level of yearly natural gas consumption. As proposed by AWG, the Weatherization Program would be a three-year pilot program which would pay part of an energy audit and 10% of any recommended energy efficiency improvements. In approving AWG's Weatherization Program, the Commission stated that

it must take whatever steps it can to mitigate the financial impact of high natural gas prices on consumers. Additionally, the Commission found AWG's Weatherization Program complied with the Rules and Regulations Governing Promotional Practices of Electric and Gas Public Utilities (Promotional Practice Rules) and was in the public interest. Further, the Commission allowed AWG to recover the cost of the Weatherization Program including lost revenues from AWG's ratepayers. Finally, the Commission directed AWG and Staff, with the input of the Attorney General of Arkansas, to cooperatively develop a cost recovery mechanism as well as appropriate annual tracking and reporting mechanisms for the Commission's consideration and approval. Those items are under development.

In an attempt to avoid or reduce by-pass of CenterPoint Energy's natural gas distribution system, CenterPoint Energy initiated seven dockets during 2005 pursuant to the Commission's Promotional Practice Rules. Under the Promotional Practice Rules CenterPoint Energy is allowed to negotiate transportation service contracts with individual customers. Generally, the negotiated contracts contain rates that are lower than CenterPoint Energy's tariffed rates. Staff evaluated all the requests using the requirements of the Promotional Practice Rules. Subsequently the Commission approved the requests.

Telecommunications Industry

In July 2004, Southwestern Bell Telephone, L.P., d/b/a SBC Arkansas (SBC) had filed an application to set rates for Unbundled Network Elements (UNEs), asking the Commission to convene a proceeding to determine the proper rates for SBC to assess CLECs using SBC's unbundled loop facilities. The Commission set a procedural schedule in Docket No. 04-109-U for the parties to file testimony and for a public hearing to be held in August 2005. Cost studies and several rounds of testimony were filed by the parties to the Docket. In July 2005, a Joint Motion and Stipulation resolving all outstanding issues in this proceeding was filed by the participating parties. In August 2005, a public hearing was held in Little Rock and the Commission

issued an Order approving the Stipulation, finding it in the public interest.

In August 2005, SBC filed a Motion for Reconsideration, Request for Relief from the Arkansas Universal Service Fund Rules, and Application Requesting an Investigation of the Arkansas Universal Service Fund (AUSF) Reimbursement Process seeking reconsideration by the Commission of the determinations issued by the Administrator of the AUSF in response to certain requests for AUSF reimbursements submitted by 22 "Requesting Carriers" pursuant to Ark. Code Ann. §23-17-404 and the Commission's Universal Service Fund Rules. The Commission set a procedural schedule for parties to file testimony or comments in the Docket and set a public hearing for September 2005. Based on evidence filed in the Docket and presented in the public hearing, the Commission found that SBC's requests for reconsideration were not timely filed and should be dismissed with prejudice. As to the request for the Commission to reconsider the AUSF reimbursement process, the Commission stated that it would issue appropriate orders designed to provide all interested parties with further guidance regarding such issues after it had time to consider the issues raised in the proceeding. The Commission issued Order No. 1 in Docket 06-032-U to address the issues raised in Docket No. 05-099-U and ordered that Docket closed.

Of the 172 new dockets filed with the Commission in 2005, 99 were telecommunications cases. The number of competitive local exchange carriers (CLECs) continued to grow. Fourteen entities filed applications for authority to operate as CLECs and seven of those were authorized. The number of authorized CLECs, at 108, exceeds the number of incumbent local exchange carriers (ILECs) at 30. One CLEC is also an ILEC and six CLECs are affiliated with 19 ILECs.

While most CLECs operate in the territory of SBC Arkansas, at least 31 CLECs have approved interconnection agreements to operate in the territories of the two largest CenturyTel ILECs, and at least 50 CLECs have approved interconnection agreements to operate in the territories of 14 rural ILECs. There were 24 new interconnection agreements approved in 2005 including 1 CLEC

adopting SBC Arkansas' A2A interconnection agreement.

During 2005, 11 entities filed applications to become Interexchange Carriers (IXCs) and all 11 of those were approved. In addition, one application for IXC status that was filed in 2004 was approved in 2005. There were no new applications for Private Pay Telephone Providers (PPTPs). There are currently 214 IXCs and PPTPs licensed to do business in Arkansas.

Three CLECs, Nexus Communications, Inc., Southern Telcom Network, Inc. and Budget Phone, Inc., filed petitions requesting to be designated as Eligible Telecommunications Carriers in certain Alltel, CenturyTel, and SBC Arkansas territories in Arkansas for purposes of receiving Federal Universal Fund Service support. These Dockets are pending before the Commission.

Water and Sewer Industry

A petition was filed in July 2005 by Diamondhead Property Owners Association, Inc., (DPOA) seeking to have Riviera Utilities, Inc.'s. (Riviera) sewer system declared a public utility under the regulatory authority of the Commission. Riviera's water system is regulated by the Commission as a public utility. With its petition, the DPOA contends it submitted the signatures of more than 50% of the property owners of Diamondhead community. Staff is investigating whether the DPOA's petition contains a majority of Riviera's sewer customers, which is the statutory threshold.

SECTION 4 - COMMISSION REVIEW OF UTILITY OPERATIONS

In addition to performing investigations in conjunction with dockets initiated at the Commission, General Staff conducts ongoing investigations of natural gas pipeline safety, utility quality of service, and the use of automatic recovery mechanisms, as outlined below.

Compliance Audits

Under the authority of Ark. Code Ann. §23-4-108, public utilities apply Commission-approved automatic adjustment clauses to certain charges collected from ratepayers. Electric and gas utilities currently apply automatic adjustments to the charges recovered from their ratepayers for the cost of fuel, electric distribution cooperatives for the cost of debt, and water utilities for the cost of pumping. Staff conducts periodic compliance audits of the underlying costs reflected in these adjustments to ensure that the adjustment amounts and their recovery are in compliance with the utilities' tariffs as approved by the Commission.

Electric Quality of Service Reviews

Staff members perform quality of service inspections of the electric cooperatives and investor-owned utilities to ensure compliance with the Commission's General Service Rules and its Special Rules - Electric. Quality of service is measured against the standards established by the Commission in those rules. The standards cover items such as the acceptable range of secondary voltages provided to customers, the minimization of electrical conductive and inductive effects, and the mapping and maintenance of transmission and distribution facilities including pole identification, right-of-way clearing and substation record keeping. Staff members also examine complaint and outage records, meter testing facilities and utility equipment.

In 2005, eleven quality of service reviews were conducted on nine electric cooperatives and two investor-owned utility. Additionally, Staff members provided technical assistance investigating consumer complaints of inadequate service.

Gas Pipeline Safety Inspections

Pursuant to an agreement with the U. S. Department of Transportation and the authority granted by the Arkansas Natural Gas Pipeline Safety Act of 1971, the Commission's Pipeline Safety Office inspected numerous intrastate natural gas operators and master metered gas systems for quality control of operating safety, gas leakage, and the control of corrosion. The inspections evaluate gas operators' compliance with the Arkansas Gas Pipeline Code. Accidents related to natural gas are investigated and reports are prepared to ensure compliance with all Commission standards of quality and safety. During 2005, Pipeline Safety Staff performed 50 pipeline safety inspections and 118 inspections of master metered systems. Corrections of reported deficiencies are monitored until they are completed. In addition to required inspections, Pipeline Safety Staff provided technical assistance investigating customer complaints of inadequate service quality.

Telecommunications Quality of Service Reviews

Staff conducts ongoing evaluations of the quality of service provided by both incumbent and competitive local exchange carriers in Arkansas. The Commission's Telecommunications Providers Rules establish standards in areas which include: (1) noise and loss associated with customer lines and network circuits; (2) capacity and operations of switching machines; (3) methods and quality of new construction; (4) responses to requests for service connection; (5) restoration of service; and (6) general

maintenance of facilities. An evaluation of each company is conducted at least once every three years to compare their performance against these standards.

During 2005, quality of service reviews were conducted in 107 exchange areas of 12 incumbent local exchange carriers and in areas served by two competing local exchange carriers. Staff members reviewed maintenance programs and conducted service tests and inspections of both central office and outside plant operations, and of transmission quality. Where deficiencies were found, each company submitted corrective action reports to correct the noted problems. Follow-up reviews were conducted as required to ensure problems were corrected or continue to be monitored to ensure performance is improved. Additionally, Staff members provided technical assistance investigating consumer complaints of inadequate service.

Section 5 - Consumer Services

Informal Customer Complaints and Inquiries

During 2005, 49,194 Arkansas customers contacted Consumer Services regarding utility issues. Of the 49,194 contacts, 3,350, or 8%, were classified as informal complaints. Twenty-three percent of the contacts were customers requesting information or referral to another agency. Referrals to utilities, 21% of the contacts, were made consistent with the requirement of Ark. Code Ann. §23-3-119, which provides that “every complainant shall, before filing a complaint, make a good faith effort to informally resolve with the respondent the situation complained of.”

Although complaints represent only 8% of all contacts through Consumer Services, they require significant amounts of time and resources. Complaints involve numerous contacts with utility personnel and General Staff members, as well as extensive research to ensure compliance with Commission rules and approved tariffs. Many also require additional technical analysis, field investigation, and written reports. Billing complaints continue to represent the greatest portion of complaints for each industry, followed by complaints regarding service quality and requests for service.

Formal Complaints

During 2005, three formal complaints were filed with the Commission. Southwestern Bell Telephone, L.P., d/b/a AT&T Arkansas filed a formal complaint against Nuvox Communications of Arkansas, Inc. The complaint is pending before the Commission. Two complaint dockets were filed by customers of utilities. The issues of these complaints dealt with billing issues. These two complaints are pending before the Commission.

Consumer Services Review of Compliance with APSC General Service Rules and Telecommunications Providers Rules

Compliance inspections regarding specific issues were performed on one electric utility and one gas utility. These inspections resulted in corrective action being taken by the utilities in response to the findings made by Staff. Additionally, Staff members conducted intensive training on the Commission’s rules for utility personnel at one gas utility and one electric utility.

Other Dockets

In 2005, Consumer Services participated in three proceedings before the Commission. These proceedings involved changes in utility fees, charges, procedures, requests for exemptions from specific Commission rules, and changes to the Commission’s General Service Rules.

Informal Customer Complaint Summary

The following tables provide the total written and verbal informal complaints by type and by industry:

Year Ended December 31, 2005

Written Informal Complaints

Type	Telephone	Electric	Gas	Water	Other	Total
Billing	115	52	59	3	0	229
Service Quality	14	11	1	0	0	26
Service Requests	6	6	2	0	0	14
Slam	20	0	0	0	0	20
NonJurisdictional	3	5	0	1	2	11
Miscellaneous	10	4	0	0	6	20
Totals	168	78	62	4	8	320

Verbal Informal Complaints

Type	Telephone	Electric	Gas	Water	Other	Total
Billing	743	800	556	35	0	2,134
Service Quality	214	118	33	0	1	366
Service Requests	90	131	86	4	0	311
Slam	141	0	0	0	1	142
NonJurisdictional	17	11	9	0	0	37
Miscellaneous	18	16	3	0	3	40
Totals	1,223	1,076	687	39	5	3,030
Total Complaints	1,391	1,154	749	43	13	3,350

**2005 Electric Industry
Informal Complaints**

Company	Arkansas Customers	Complaints To APSC	Company Action Correct	Company Action Incorrect	Company Action Modified	Misc.	Complaints Per 1000 Customers
Arkansas Electric Coop. Corp.	39	0	0	0	0	0	0
Ark. Valley Electric Coop. Corp.	48,748	42	25	4	12	1	1
Ashley-Chicot Electric Coop., Inc.	5,023	3	2	0	1	0	1
C & L Electric Coop. Corp.	20,808	23	17	2	4	0	1
Carroll Electric Coop. Corp.	63,812	22	9	5	4	4	0
Clay County Electric Coop. Corp.	12,197	7	5	1	1	0	1
Craighead Electric Coop. Corp.	27,094	10	7	0	1	2	0
Empire District Electric Co.	3,975	2	1	1	0	0	1
Entergy Arkansas, Inc.	667,737	798	376	156	228	38	1
Farmers Electric Coop. Corp.	5,366	1	1	0	0	0	0
First Electric Coop. Corp.	74,764	67	32	18	10	7	1
Mississippi County Electric Coop.	4,367	0	0	0	0	0	0
North Ark. Electric Coop., Inc.	33,447	9	6	1	2	0	0
Oklahoma Gas & Electric	61,951	64	37	16	5	6	1
Ouachita Electric Coop. Corp.	9,430	3	2	0	1	0	0
Ozarks Electric Coop. Corp.	46,466	27	16	7	4	0	1
Petit Jean Electric Coop. Corp.	18,559	5	3	1	0	1	0
Rich Mountain Electric Coop., Inc.	7,514	1	0	0	1	0	0
South Central Ark. Electric Coop.	9,740	7	4	2	1	0	1
Southwest Ark. Electric Coop. Corp.	24,596	19	9	3	6	1	1
Southwestern Electric Power Co.	107,222	40	23	3	13	1	0
Woodruff Electric Coop. Corp.	18,528	4	3	0	1	0	0
Totals	1,271,383	1,154	578	220	295	61	N/A

**2005 Gas Industry
Informal Complaints**

Company	Arkansas Customers	Complaints To APSC	Company Action Correct	Company Action Incorrect	Company Action Modified	Misc.	Complaints Per 1000 Customers
Arkansas Oklahoma Gas Corp.	46,997	86	61	12	9	4	2
Arkansas Western Gas Co. (Northwest and Northeast Ark. Regions)	141,485	24	15	2	3	4	0
Centerpoint Energy Arkla	432,538	639	396	74	137	32	1
Logan Township Gas Users Assoc.	71	0	0	0	0	0	N/A
Totals	621,091	749	472	88	149	40	N/A

**2005 Water and Sewer Industry
Informal Complaints**

Company	Arkansas Customers	Complaints To APSC	Company Action Correct	Company Action Incorrect	Company Action Modified	Misc.	Complaints Per 1000 Customers
Riviera Utilities of Ark. Inc.	1,850	2	2	0	0	0	1
Sebastian Lake Public Utility Co.	90	1	0	1	0	0	11
Shumaker Public Service Corp.	605	0	0	0	0	0	0
United Water Arkansas, Inc.	18,744	40	26	6	7	1	2
Totals	21,289	43	28	7	7	1	N/A

**2005 Telephone Industry - Incumbent Local Exchange Carriers (ILEC)
Informal Complaints**

Company	Arkansas Access Lines *	Complaints To APSC	Company Action Correct	Company Action Incorrect	Company Action Modified	Misc.	Complaints Per 1000 Access Lines
Alltel Arkansas, Inc.	103,490	35	13	11	6	5	0
Ark. Telephone Co., Inc.	8,708	0	0	0	0	0	0
Arkwest Communications, Inc.	5,763	1	0	0	0	1	0
Central Ark. Telephone Coop., Inc.	3,166	0	0	0	0	0	0
CenturyTel **	248,541	228	106	54	52	16	1
Cleveland County Telephone Co., Inc.	3,731	0	0	0	0	0	0
Decatur Telephone Co., Inc.	1,291	0	0	0	0	0	0
E. Ritter Telephone Co. dba Ritter Telephone Company	4,608	0	0	0	0	0	0
Lavaca Telephone Co. Inc. dba Pinnacle Communications	1,722	0	0	0	0	0	0
Madison County Telephone Co.	3,956	2	1	1	0	0	1
Magazine Telephone Co.	1,056	1	1	0	0	0	1
Mountain View Telephone Co.	7,595	0	0	0	0	0	0
Northern Ark. Telephone Co., Inc.	7,695	6	4	1	1	0	1
Ozark Telephone Co. of Missouri	137	0	0	0	0	0	0
Prairie Grove Telephone Co.	9,708	3	2	1	0	0	0
Rice Belt Telephone Co., Inc.	1,017	0	0	0	0	0	0
Scott County Telephone Co., Inc.	112	0	0	0	0	0	0
South Ark. Telephone Co., Inc.	3,806	0	0	0	0	0	0
Southwest Ark. Telephone Coop., Inc.	5,807	0	0	0	0	0	0
Southwestern Bell Telephone Co.	792,727	561	232	154	134	41	1
Tri-County Telephone Co., Inc.	6,862	0	0	0	0	0	0
Valor Telecommunications of TX, LP	17,134	2	1	0	1	0	0
Walnut Hill Telephone Co.	5,699	4	1	1	1	1	1
Yelcot Telephone Co., Inc.	4,106	1	1	0	0	0	0
Totals	1,248,437	844	362	223	195	64	N/A

*Access lines based on 2004 Annual Reports

**Includes all CenturyTel Companies

**2005 Telephone Industry - Competitive Local Exchange Carriers (CLEC)
Informal Complaints**

Company	Arkansas Access Lines *	Complaints To APSC	Company Action Correct	Company Action Incorrect	Company Action Modified	Misc.	Complaints Per 1000 Access Lines
1-800-Reconex, Inc.	58	3	2	0	1	0	52
ACN Communication Services, Inc.	0	3	0	2	1	0	N/A
Adelphia Business Solutions Investment, LLC	3,897	1	0	0	0	1	0
AT&T Communications of the Southwest, Inc.	0	76	29	21	21	5	N/A
Basic Phone, Inc.	273	2	1	0	1	0	7
Budget Phone, Inc.	4,851	8	3	4	1	0	2
CAT Communications International, Inc	193	1	1	0	0	0	5
Comm South Companies, Inc. dba Arkansas Comm South, Inc.	391	2	2	0	0	0	5
Excel Telecommunications, Inc.	0	9	1	7	1	0	N/A
FamilyTel of Arkansas, Inc.	0	3	2	1	0	0	N/A
Global Connection Inc. of America	465	1	0	0	1	0	2
IDT America Corporation	0	3	2	1	0	0	N/A
Liberty Phones	846	1	0	0	1	0	1
MCImetro Access Transmission Services Company, LLC**	39,806	107	43	27	33	4	3
McLeodUSA Telecommunications Services	1,055	2	0	1	1	0	2
Navigator Telecommunication, LLC	7,447	6	3	2	0	1	1
NOS Communications, Inc.	57	1	0	0	0	1	18
NuVox Communications of Arkansas, Inc.	4,708	3	0	2	1	0	1
Sage Telecom, Inc.	0	41	21	8	11	1	N/A
SBC Advanced Solutions, Inc.	0	32	6	13	7	6	N/A
Southern Telecom Network, Inc. dba STN Long Distance	2,679	1	1	0	0	0	0
Sprint Communications Company, LP	539	22	6	9	7	0	41
Talk America, Inc.	102	1	0	0	1	0	10
Trinsic Coimunications, Inc.	1,707	3	1	1	1	0	2
Vantage Telecom, LLC dba NewRoads Telecom, Inc.	4,744	5	3	1	0	1	1
VarTec Telecom, Inc.	0	13	3	7	2	1	N/A
Xspedius Manaaement Co. of Little Rock, LLC	31,656	1	1	0	0	0	0
Totals	105,474	351	131	107	92	21	N/A

*Access lines based on 2004 Annual Reports

**Includes all MCI and Worldcom Companies

**2005 Telephone Industry - Interexchange Carriers (IXC)
Private Pay Telephone Providers (PPTS)
Informal Complaints**

Company	Complaints To APSC	Company Action Correct	Company Action Incorrect	Company Action Modified	Misc.
American Telecommunications Systems, Inc.	4	2	1	1	0
Amerivision Communications, Inc. dba Lifeline Communications, Inc.	1	0	1	0	0
Axces, Inc.	1	0	1	0	0
Bell Atlantic Communications, Inc. dba Verison Long Distance	2	0	2	0	0
Broadwing Communicatons, LLC	1	0	0	1	0
Business Netwrok Long Distance, Inc.	4	0	4	0	0
Buzz Telecom Corporation	22	14	1	7	0
City Telecoin Co., Inc.	1	1	0	0	0
Coordinated Billing Services	20	15	1	4	0
Custom Teleconnect, Inc.	1	0	1	0	0
Enhanced Communications Group	2	1	0	0	1
Evercom Systems, Inc.	1	0	1	0	0
GTC Telecom	1	0	0	1	0
Least Cost Routing, Inc.	2	0	2	0	0
Legacy Long Distance International, Inc.	2	2	0	0	0
Long Distance Consolidated Billing Company	11	4	0	7	0
Main Street Telephone Company	2	0	1	1	0
National Access Long Distance, Inc.	2	0	2	0	0
New Century Telecom, Inc.	12	2	4	6	0
OCMC, Inc.	1	0	0	1	0
PNG Telecommunicatons, Inc.	2	2	0	0	0
Primus Telecommunications, Inc.	1	0	1	0	0
PromiseVision Technology, Inc.	1	1	0	0	0
Quasar Communications Corporation	1	0	0	1	0
Qwest Communications Corporation	7	5	1	1	0
Reduced Rate Long Distance, LLC	10	8	2	0	0
Ridley Telephone Company, LLC	1	0	0	1	0
Southwestern Bell Communications Services, Inc. dba Nevada Bell Long Distance dba Pacific Bel Long Distance dba SBC Long Distance dba Southwestern Bell Long Distance	21	6	7	8	0
Startec Global Licensing Company	1	1	0	0	0
Teleconnect Long Distance Services and System Co.	1	0	0	1	0
Total Call International, Inc.	1	0	1	0	0
Tralee Telephone Company, LLC	6	2	1	3	0
U. S. Telecom Long Distance, Inc.	48	41	4	3	0
WilTel Communications, LLC	2	1	1	0	0
Totals	196	108	40	47	1

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SECTION 6 - FEDERAL AGENCY AND CONGRESSIONAL ACTIVITY

The APSC participates before federal regulatory agencies with a focus on proceedings which affect jurisdictional oversight and cost allocation. The following are the proceedings in which the APSC participated.

Federal Energy Regulatory Commission (FERC)

Rulemaking

Docket No. AD06-2
Assessment of Demand Response Resources

The Energy Policy Act of 2005 (EPAct) requires FERC to publish a report that assesses demand response resources including the penetration rates of advanced meters as quantifiable, reliable resources for regional planning purposes. FERC is also seeking information on regulatory barriers to improved customer participation in demand response, peak reduction and critical period pricing. A technical conference is scheduled for January 2006.

Docket No. RM06-3
Anti-Market Manipulation/Anti-fraud

FERC issued the Notice of Proposed Rulemaking (NOPR) in October 2005 to adopt regulations to prohibit market manipulation in connection with the purchase or sale of natural gas, electric energy, or transportation or transmission services. The APSC worked with the National Association of Regulatory Utility Commissioners on comments which were filed in December 2005. FERC adopted rules in January 2006.

Docket No. RM05-30
Reliability Provisions

EPAct created new Federal Power Act section 215 which requires FERC to add regulations to approve an Electric Reliability Organization, with commensurate delegation of authorities to Regional Entities. The APSC filed comments in October 2005. A technical conference was held in December 2005.

Docket No. AD05-13
Regional Joint Boards

In September 2005, FERC issued an order convening federal-state joint boards for four regions that encompass the continental United States. The Joint Boards have been created pursuant to EPAct and are to study security constrained economic dispatch and to consider how such a mode of operating affects or enhances the reliability and affordability of service. FERC is to report the results to Congress by August 2006. The APSC is represented on the Joint Board for the region that includes SPP and the southeast.

Docket No. RM05-25
Order 888 Reform

FERC issued this Notice of Inquiry in September 2005, inviting comments on whether reforms are needed to the Order 888 pro forma transmission tariff. Also, comments are sought on implementation of Sec. 211A of the FPA concerning provision of open access transmission by unregulated utilities. Finally, comments were requested on Sec. 1233 of EPAct defining the native load service obligation. APSC filed comments in November 2005.

Docket No. RM02-1
Standardizing Generator Interconnection
Agreements

Issued in October 2001, as an Advance Notice of Proposed Rulemaking (ANOPR), FERC asked stakeholders to use the ERCOT Standard Interconnection Agreement (IA) as a starting point and try to achieve consensus on a standard for the rest of the country. The NOPR was issued in April 2002. Designed to provide generators with utility-comparable interconnection service, the NOPR would classify all interconnection facilities as generation expense and all network upgrades as transmission expense. In June 2002 the APSC filed comments in which it argued that as a matter of equity in non-retail competition states, costs of transmission upgrades should be assessed on new generators and not rolled into regional transmission rates. The APSC also sought clarification of the proposed Rule for small generators, interconnecting to the distribution system, on whether FERC is preempting state jurisdiction by applying the FERC IA. FERC issued Order 2003 as the final rule in July 2003. Responding to motions for clarification, FERC issued Order 2003-A in March 2004. FERC reaffirmed its “higher of” pricing policy whereby the utility may charge the higher of incremental costs or the rolled-in embedded cost, but not both. Where rolled-in embedded cost is chosen, the utility must credit the interconnecting customer for transmission until the funded upgrade costs are paid back, with interest. The credits apply only to transmission service granted to the newly interconnecting generator. If the company generates from units other than the new generator and the new generator is not generating, it receives no credit. After five years, the utility may elect to pay off the remaining balance in a lump sum or continue to provide credits for transmission service. In May 2004, rehearing was granted. In December 2004, FERC issued Order 2003 B providing further clarification on its policies. Rehearing was granted in February 2005. Order 2003-C was issued in June 2005.

Docket No. RM02-12
Standardizing Generator Interconnection
Agreements—Small Generators

FERC issued an ANOPR in August 2002 for interconnection of small generators. After comment, technical conferences were held in January 2003 and again in February. The NOPR was issued in July 2003, with comments due in September. Order 2006 was issued in May 2005.

Docket No. RM01-10
Standards of Conduct for Transmission Providers

Issued in September 2001, FERC proposed new standards of conduct that would apply uniformly to natural gas pipelines and transmitting utilities to govern the relationships between regulated transmission providers and their affiliates. It would broaden the definition of “affiliate.” Order 2004 was issued in November 2003 and the motions for rehearing were granted in January 2004. Order 2004-A was issued in April 2004, to clarify that the standards also apply to non-marketing affiliates and strengthened the prohibition of Transmission Providers passing information to energy affiliates. After rehearing, Order 2004-B was issued in August 2004. It clarified that Local Distribution Companies (LDCs) may acquire or release capacity in the capacity release market without becoming Energy Affiliates and that processors do not become Energy Affiliates by purchasing and transporting on affiliated Transmission Providers for plant thermal reduction purposes. After rehearing, Order 2004-C was issued in December 2004. It allows LDCs to hedge on-system sales, clarifies duties of Transmission Function employs, and clarifies what information should be posted on the OASIS. A technical conference was held in May 2005.

Electric Industry

Docket No. ER04-1096
Southwest Power Pool

The SPP filed in August 2004, a further compliance filing in response to the FERC Order of July 2004, which approved in part and rejected in part an application to be recognized as a Regional Transmission Organization (RTO). The filing was an unexecuted seams agreement between the SPP and the Midwest Independent Transmission System Operator (MISO). SPP agreed with MISO on the protocols developed for business between the two non-market areas. SPP disagreed with protocols for business between non-market areas and market areas. MISO, which became a market area in 2005, insisted that non-market to market protocols be accepted. When SPP refused the non-market to market protocols, MISO refused to sign the agreement; thus the agreement was unexecuted. The APSC intervened in August 2004 and supported and participated in the comments of the Regional State Committee for the Southwest Power Pool in support of SPP's position. SPP filed the default JOA and a request for rehearing, which was granted in December 2004. In January 2005, FERC issued an order denying rehearing and accepted the default SPP-MISO JOA.

Docket No. ER06-141
American Electric Power Service Corp.

AEP filed an amendment to its System Interchange Agreement in November 2005. The amendment would alter the distributions of margins from off-system sales would be more closely tracking where the sale originated. APSC intervened in November 2005.

Docket No. EC05-102
Wrightsville Power Facility, L.L.C.

Wrightsville filed in July 2005 for authorization to dispose of jurisdictional facilities. The Wrightsville facilities are a 548 MW generator

and step-up transformers and switches that are owned by the now bankrupt Mirant Corp. and Kinder Morgan Peabody Company. They entered into a contract to sell the facilities in February 2005 to AECC for \$85 million. The sale was approved by the bankruptcy court. The plant went into commercial operation in July 2002, but has been idle since October 2003. The APSC intervened in July 2005. An Order authorizing the disposition of jurisdictional facilities was issued in August 2005. In September, Mirant notified FERC of consummation of the transaction.

Docket No. ER05-1065
Entergy Services, Inc.

Filed in May 2005, this proposal would implement the tariff changes necessary to turn oversight of several functions to an Independent Coordinator of Transmission (ICT). The ICT, presumably the Southwest Power Pool, will enter into a agreement to conduct transmission planning and classification of transmission upgrades as base plan reliability or economic upgrades. The ICT will calculate Available Flowgate Capability, grant or deny requests for transmission service, conduct system impact, interconnection, and facilities studies, and administer Entergy's Open Access Same-time Information System (OASIS). The filing also proposes a form of participant funding of supplemental or economic transmission upgrades that does not directly credit back the sponsors' investment costs. A Weekly Procurement Process will be made available to competing generators taking network service. The APSC intervened in June 2005 and filed comments on August 5, 2005.

Docket No. ER05-652
Southwest Power Pool

In February 2005, SPP filed to revise its Open Access Transmission Tariff (OATT) to implement a regional transmission cost allocation plan. The plan was developed in conjunction with the Regional State Committee of which the APSC is a participating member. APSC intervened in March 2005. FERC

issued an Order approving the allocation plan and tariff changes to accomplish it in April. Rehearing was granted in June. In September, an Order resolved all rehearing issues. SPP made a compliance filing in October 2005.

Docket No. ER05-603
Entergy Services, Inc.

Entergy, in February 2005, filed to comply with Order 2003-B with regard to the *pro forma* Large Generation Interconnection Procedures (LGIP) and Large Generator Interconnection Agreement (LGIA). Entergy disagrees with FERC policy on network upgrades being “at or beyond” the point of interconnection, insofar as it makes direct interconnection costs eligible for transmission credits. Entergy claims the policy adversely impacts native load customers. Arkansas intervened in March 2005. In April 2005, FERC issued a letter order accepting Entergy’s filing.

Docket No. EL05-52
Entergy Services, Inc.

Entergy filed a Petition for a Declaratory Order in January 2005. The motion seeks FERC guidance on two issues. One is whether the enhanced functions for the Independent Coordinator of Transmission arising out of Docket ER04-699 will cause it to become a “utility” under the Federal Power Act. The other is whether the Entergy proposed pricing in the participant funded transmission expansion plan satisfies the Commission’s transmission pricing policy. The APSC intervened in January 2005. The Order issued in March 2005 grants the petition and states that the ICT need not be regarded as a FERC jurisdictional “public utility.” The Order also accepts Entergy’s plans for participant funding on a two-year experimental basis, with renewal subject to studies and reports. FERC will not grant participant funding for projects already being credited, but will allow Entergy to address the justness and reasonableness of any reexamination of such costs in its Sec. 205 filing. FERC subsequently issued an Order on Clarification and granted rehearing in May 2005.

Docket No. RT04-1
Docket No. ER04-48
Southwest Power Pool

In October 2003, SPP filed an application to be recognized as a Regional Transmission Organization (RTO). The filing reflects SPP’s assertion that it meets the characteristics and functions of an RTO as required by Order 2000 and suggested by the FERC White Paper. The Arkansas and Missouri commissions filed Joint Comments. FERC issued an Order in February 2004, granting RTO status subject to fulfillment of certain requirements.

The Regional State Committee (RSC) held its organizational meeting in April 2004. In April, SPP replaced its board of directors with a non-stakeholder board. SPP filed its RTO compliance filing in May 2004. FERC issued its Order on Compliance in July 2004, accepting in part and rejecting in part the compliance filing.

A further order on compliance was issued in October granting RTO status with further work. In January 2005, FERC accepted a SPP compliance filing as satisfying the October Order. In March 2005 SPP filed its cost allocation and recovery plan and accepted in an April 22 Order. In May SPP filed its market monitoring service agreement. An Order on rehearing was issued in September 2005, largely upholding the April Order. SPP made a compliance filing accepted by letter order in October 2005.

Docket No. ER03-753-000
Entergy Services, Inc.

Entergy Services filed on behalf of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi and Entergy New Orleans amendments to Service Schedules MSS-4 of the System Agreement. The filing was noticed in April 2003. APSC intervened in April 2003. Entergy filed a revised service schedule MSS-4 in December 2004. In April 2005 an Order conditionally approved a contested settlement, which enables purchased power or unit power to be sold by one operating company to another operating company. Effective for one year from June 2005, Entergy New Orleans entered into

a 100 MW contract for purchase from NRG. In September 2005, NRG informed Entergy that it was unacceptable, so Entergy redistributed the purchase obligation to the four other operating companies. The Arkansas and Mississippi commissions challenged the prudence of that decision in a November 2005 filing.

Docket No. ER03-583-000 et. al
Entergy Services, Inc.

Entergy Services, Inc., acting on behalf of the Entergy Operating Companies (EOCs), filed eight power purchase agreements (PPAs) at the FERC for approval in four separate dockets (FERC Docket Nos. ER03-583-000; ER03-681-000; ER03-682-000; and ER03-744-000) between February 2003 and April 2003. The APSC intervened in each of the proceedings. The APSC supported approval of the PPAs. In May 2003, the FERC issued an order (1) consolidating the dockets, (2) allowing the PPAs to take effect subject to refund, and (3) establishing a hearing into whether the agreements are just and reasonable.

Hearings on the contracts were held before a FERC Administrative Law Judge (ALJ) starting June 28, 2004, and concluding December 1, 2004. In June 2005, the ALJ issued an initial decision approving all eight PPAs, with the exception that he required that the retained share of Grand Gulf be removed from the wholesale base load transfer from Entergy Arkansas to Entergy Louisiana. The ALJ rejected the other remedies proposed by the parties. A variety of challenges to the ALJ's order were subsequently filed with the FERC by various litigants. The APSC, together with the Mississippi Public Service Commission and the City of New Orleans, filed briefs opposing exceptions filed by the Louisiana Public Service Commission, Calpine Corporation, Suez Energy Marketing NA, and the FERC Trial Staff. The case is currently pending before the FERC.

Docket No. EL01-88-000
LPSC/CNO v Entergy

In June 2001, the Louisiana Public Service Commission (LPSC) and the City of New Orleans (CNO) filed this complaint before the Federal Energy Regulatory Commission (FERC) alleging that the allocation of production costs among the Entergy Operating Companies (EOCs) under the Entergy System Agreement (System Agreement) was no longer just and reasonable. CNO subsequently withdrew as a complainant as a result of a settlement between Entergy and CNO. The APSC intervened in the Docket in June 2001.

Hearings on the complaint began July 7, 2003, and concluded August 22, 2003. In February 2004, a FERC Administrative Law Judge (ALJ) issued an Order finding that production costs among the EOCs were no longer in rough equalization. The ALJ adopted a remedy that required each operating company's production costs be within a $\pm 7.5\%$ band each year and within $\pm 5\%$ band over a three-year rolling average.

In June 2005, the FERC issued Opinion 480 affirming in part and revising in part the ALJ's Order. The Opinion ruled that the Vidalia generating plant in Louisiana was not built as a system resource and also expanded the production cost bandwidth to $\pm 11\%$. On December 19, 2005, the FERC issued Opinion 480-A, denying rehearing in part and granting rehearing in part of Opinion 480; however, Opinion 480-A did not alter the remedies adopted in Opinion 480-A.

In December 2005, the LPSC filed a petition for review of the FERC's rulings in the United States Court of Appeals for the District of Columbia Circuit, Case No. 05-1462. The APSC's motion to intervene was granted January 27, 2006. The deadline for petitions for review of the FERC's orders is February 17, 2006.

Gas Industry

Docket No. CP04-102-000
CenterPoint Energy Gas Transmission Company (CEGT)

In April 2004, the APSC intervened in this Docket. CEGT was seeking approval to construct and operate facilities to serve the MacSteel Division of

Quanex Corporation (MacSteel). MacSteel is the largest customer of Arkansas Oklahoma Gas (AOG), an Arkansas jurisdictional local distribution company. In May 2004, AOG protested the proposal stating that CEGT's proposal would result in bypass of AOG. In May 2004, MacSteel filed to intervene in support of CEGT's application. In August 2004, FERC issued an order approving CEGT's request.

In September 2004, AOG requested a rehearing of FERC's Order. In October 2004, AOG filed a copy of a September 2004, state court order issued by a Circuit Court Judge in Sebastian County, Arkansas which AOG states shows MacSteel has no right to legally receive gas from CEGT at the proposed delivery point. In November 2004, FERC issued an order denying: (1) AOG's request for rehearing, and (2) CEGT's motion to strike. Per testimony in APSC Docket No. 05-006-U, there is litigation pending between AOG and MacSteel. FERC activity has been completed.

Docket No. CP04-377-000
CenterPoint Energy Gas Transmission Company

In August 2004, the APSC intervened in an application filing by CEGT to construct a 6,380 horsepower new compressor unit in Conway County, Arkansas at a cost of approximately \$9.8 million. CEGT states that the new facility will allow it to provide year round firm service to Arkansas Western Gas Company. In November 2004, FERC approved the application. In January 2006, CEGT notified FERC that construction of the compressor unit is complete and the unit has been placed in service. FERC activity has been completed.

Docket No. CP05-3-000
CenterPoint Energy Gas Transmission Company

In October 2004, the APSC intervened in a filing by CEGT to construct 28,265 horsepower of new mainline compression by installing one compressor unit and associated facilities at certain compressor stations in Caddo and Hughes counties, in Oklahoma. CEGT states that this additional compression will serve to increase capacity to receive

Rocky Mountain gas supplies for transportation west to east across CEGT's system. Total construction costs are estimated to be approximately \$31.9 million. In May 2005, FERC issued an order granting CEGT a certificate to construct and operate the compressor units subject to certain conditions. In December 2005, CEGT notified FERC that construction of the facilities has been completed. FERC activity has been completed.

Docket No. CP05-51-000
Ozark Gas Transmission, L.L.C.

In February 2005, the APSC intervened in this application filed by Ozark for approval to abandon by transfer to Ozark Arkansas Gas Gathering, L.L.C. (OAGG) all lateral gathering pipeline and gathering compressor facilities located on Ozark's existing interstate pipeline system in the states of Oklahoma and Arkansas. Ozark states that the facilities proposed for abandonment perform a gathering function, not the interstate transmission function that is Ozark's core business. The facilities will be transferred at the net depreciated book cost which is estimated to be \$5.9 million as of June 30, 2004. Ozark further requests that this approval be granted by May 1, 2005. In May 2005, FERC issued an order approving the abandonment of the facilities. In July 2005, CEGT notified FERC that the abandonment of the facilities had become effective. FERC activity has been completed.

Docket No. CP-05-58-000
CenterPoint Energy Gas Transmission Company

In February 2005, the APSC intervened in this filing by CEGT to construct, own, and operate three additional wells at its Chiles Dome Storage Facility (Chiles Dome) and operate approximately 21 miles of pipeline that will extend from Chiles Dome to CEGT's Line ADT-27 located in Pittsburg County, Oklahoma. CEGT also seeks authorization to convert three Bcf of cushion gas capacity to additional working gas capacity. CEGT will sell the cushion gas and utilize the proceeds to fund part of the proposed construction costs estimated to be \$25.6

million. CEGT states that as part of discussions with CenterPoint Energy Arkansas Gas (CEAG), its LDC affiliate, to restructure and extend its transportation and storage contracts, CEAG requested an increase in its storage availability. CEGT determined that it would be able to meet CEAG's request for increased storage service through the authorizations requested in this filing. In July 2005, FERC issued an order authorizing CEGT to construct and operate the Chiles Dome Field facilities. This case is pending.

Docket No. RP96-200-134
CenterPoint Energy Gas Transmission Company

In December 2004, the APSC intervened in this November 2004, filing by CEGT of an amended negotiated rate agreement between CEGT and TPS Dell, L.L.C. (Dell) to recognize a further delay in the commercial operation of Dell's power plant. In December 2004, FERC issued an order accepting CEGT's filing effective January 2005. FERC activity has been completed.

Docket No. RP96-200-135
CenterPoint Energy Gas Transmission

In January 2005, the APSC intervened in this January 2004 filing by CEGT for FERC to approve a negotiated rate agreement between CEGT and Arkansas Western Gas Company (AWG). CEGT states that it has entered into an agreement to provide firm transportation service to AWG under Rate Schedule FT and requests that FERC accept and approve the transaction under which transportation service will commence upon the in-service date of a new compressor unit (See Docket No. CP04-377-000) now under construction by CEGT. In March 2005, FERC issued an order accepting CEGT's filing. FERC activity has been completed.

Docket No. RP05-111-000
CenterPoint Energy Gas Transmission Company

In December 2004, the APSC intervened in this Docket. CEGT filed requesting to add a new

provision of their tariffs to address gas utility unbundling of the sales and distribution services rendered when such unbundling is required by order of another jurisdictional governing authority. Arkansas Gas Consumers (AGC) filed comments objecting to CEGT's proposal. In December 2004, FERC issued an order accepting CEGT's filing subject to suspension until the earlier of five months or further FERC order and subject to the requirement that CEGT clarify its filing. In its order, FERC found that AGC's interpretation of CEGT's filing as requiring that contract demand reductions must be made available to all shippers is incorrect. FERC found that it is reasonable for CEGT to limit the right to negotiate contract demand reduction provisions only to LDCs adversely affected by regulatory unbundling. FERC required that CEGT revise its filing to specify the conditions it will negotiate or renegotiate and, if it wishes to negotiate terms other than contract demand reduction provisions, the company must specify what those terms are.

In January 2005, CEGT made a filing to comply with FERC's December 2004 order. In its January filing, CEGT clarified that, at this point in time, the only provision intended to be negotiated pursuant to Section 11.2 of its tariff would be a mechanism to adjust Contract Limitations and, therefore, has revised the tariff language accordingly. In February 2005, FERC accepted CEGT's revised tariff sheets. FERC stated that the revised tariff sheets comply with FERC's December order. FERC activity has been completed.

Docket No. RP05-513-000
CenterPoint Energy Gas Transmission

In July 2005, the APSC intervened in CEGT's filing to make various tariff changes, including changes related to generic discount conditions, the extension of service agreements, right-of-first-refusal procedures, and certain other clarifications and "housekeeping" changes. In August 2005, FERC issued an order accepting CEGT's filing, subject to certain conditions. In September 2005, CEGT requested clarification and/or rehearing of FERC's August 2005 order. In October 2005, FERC issued an order granting rehearing of its order. In December

2005, FERC issued an order accepting CEGT's revised tariffs and explanations.

Federal Communications Commission (FCC)

CC Docket No. 01-338 and

WC Docket No. 04-313

Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers (ILECs) and Unbundled Access to Network Elements: "The Triennial Review Order"

An Order was issued in APSC Docket No. 04-109-U in August 2005 which decided the issues raised by the United States District Court for the District of Columbia in March 2004, a decision known as "*USTA I*". In July 2004, Southwestern Bell Company had filed a petition with the APSC (Docket No. 04-109-U) to establish rates for unbundled loops citing the March 2004 District Court decision and the rules proposed by the FCC in response to the *USTA I* decision.

Various parties appealed the FCC's order issued in response to *USTA I*, and, on March 2, 2004, the D.C. Circuit decided *USTA II*. *USTA II* upheld the FCC's decision in part, but remanded and vacated several components. The *USTA II* decision vacated the FCC's "subdelegation" of authority to state commissions to engage in further granular impairment analyses and vacated and remanded the nationwide impairment findings for mass market switching and dedicated transport. The decision also remanded the FCC's distinction between "qualifying" and "non-qualifying" services, and the exclusion of entrance facilities from an impairment analysis. The decision also rejected the FCC's interpretation of section 251(d)(2), which directs the FCC to determine whether impairment exists for a "telecommunications carrier seeking access to UNEs to provide the services it seeks to offer." The FCC interpreted "services" as those services a requesting carrier seeks to provide "in direct competition with the incumbent LECs' core services" (e.g., local exchange telephone service). The District Court noted that competitive carriers probably should not be entitled to rely on UNEs exclusively to provide service in competitive downstream markets such as

the commercial mobile wireless service market and the long distance service market. The FCC issued an order in February 2005 which incorporates the changes required by the District Court. The APSC has made findings in several dockets relating to the changes required by the District Court and will continue to do so in arbitration and complaint dockets pending before the APSC.

CC Docket No. 96-45

Federal-State Joint Board on Universal Service

In February 2004, the Federal-State Joint Board on Universal Service issued a Recommended Decision which would significantly change the Federal Universal Service Fund (USF) payments to eligible telecommunications carriers. The APSC filed comments which oppose some of the proposed changes, particularly the "primary line restriction." This restriction would limit USF support to one line per household or business. The APSC argued that this restriction could significantly impact rural businesses which have high costs per line yet require multiple lines in order to effectively conduct business. High cost support is needed for all the lines needed for business purposes, not just a single line. The APSC's comments were consistent with those filed by rural telecommunications carriers in Arkansas and with letters addressing the issue sent to the FCC by members of Arkansas Congressional delegation. The FCC is considering additional changes to the USF and the APSC continues to keep pace with this FCC docket. The APSC also has dockets pending (06-010-U and 05-099-U) which are designed to implement changes in the Federal USF as those changes effect the Arkansas USF.

SECTION 7 - OTHER ACTIVITY

The National Association of Regulatory Utility Commissioners (NARUC) is a nonprofit organization founded in 1889. NARUC membership is composed of the governmental agencies that are engaged in the regulation of utilities and carriers in the fifty states, the District of Columbia, Puerto Rico, and the Virgin Islands. NARUC's objective is to improve the quality and effectiveness of public utility regulation.

Commissioners

Sandra L. Hochstetter
Committee on Electricity
Washington Action Committee
Chairman, Advisory Board of the New Mexico
University Center for Public Utilities
National Council on Electricity Policy
Steering Committee
FERC Joint Board on Economic Dispatch,
South Region
SPP Regional State Committee

Daryl E. Bassett
Committee on Telecommunications
Investment Committee
Legislative Affairs Task Force
Federal/State Task Force on Accounting
Chair, FCC Task Force on Diversity
President, Southeastern Association of
Regulatory Utility Commissioners
Chair, Video Franchising Committee

Randy Bynum
Treasurer of the NARUC
Treasurer of NARUC Educational Foundation
NARUC Board of Directors
NARUC Executive Committee
Vice Chair, Committee on Gas
Committee on Consumer Affairs
Washington Action Committee
Chair, Audits Committee
Chair, Investments Committee

NARUC operates through committees and subcommittees. Those groups advance regulation through study and discussion of the operation and supervision of public utilities. Through promoting coordinated action by the commissions, the organization serves to protect the public interest.

The Commission is currently represented by the following committee and subcommittee assignments:

Commissioners' Staff

D. David Slaton
Staff Subcommittee on Administrative Law Judges
Staff Subcommittee on Law

Sam Loudenslager
Staff Subcommittee on Communications
Staff Subcommittee on Consumer Affairs

David Lewis
Staff Subcommittee on Gas

Richard House
Staff Subcommittee on Electricity

Executive Director

John P. Bethel
Staff Subcommittee on Executive Management

General Staff

Jeff Hilton
Staff Subcommittee on Accounting and Finance

Gayle Freier
Staff Subcommittee on Accounting and Finance

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Appendix A - Jurisdictional Utilities

During 2005, the Commission carried out its statutory obligation to review and regulate the rates and/or practices of utility companies. The utilities under the Commission's jurisdiction in 2005 are listed below:

Investor-Owned Electric Utilities	4
Electric Cooperatives	18
Investor-Owned Gas Utilities	4
Natural Gas Operators	26
Master Meter Gas Operators	181
Incumbent Local Exchange Carriers	30
Competitive Local Exchange Carriers	108
Interexchange Carriers and Private Pay Telephone Providers	214
Water and Sewer Utilities	4
TOTAL	589

Investor-Owned Electric Utilities

Empire District Electric Company
Entergy Arkansas, Inc.

Oklahoma Gas and Electric Company
Southwestern Electric Power Company

Electric Cooperatives

Arkansas Electric Cooperative Corporation
Arkansas Valley Electric Cooperative Corporation
Ashley-Chicot Electric Cooperative
C & L Electric Cooperative Corporation
Carroll Electric Cooperative Corporation
Clay County Electric Cooperative Corporation
Craighead Electric Cooperative Corporation
Farmers Electric Cooperative Corporation
First Electric Cooperative Corporation

Mississippi County Electric Cooperative
North Arkansas Electric Cooperative
Ouachita Electric Cooperative Corporation
Ozarks Electric Cooperative Corporation
Petit Jean Electric Cooperative Corporation
Rich Mountain Electric Cooperative
South Central Ark. Electric Cooperative
Southwest Arkansas Electric Coop. Corporation
Woodruff Electric Cooperative Corporation

Investor-Owned Gas Utilities

Arkansas Oklahoma Gas Corporation
Arkansas Western Gas Company
CenterPoint Energy Arkla, a division of
CenterPoint Energy Resources Corp.
Logan Township Gas Users Association

Natural Gas Operators

Acme Brick Company
Albemarle Corporation
Atlas Pipeline Mid-Continent, LLC
Augusta City Light Water and Gas
CenterPoint Energy Field Services Corporation
CenterPoint Energy Gas Transmission Company
Chesapeake Energy Marketing, Inc.
Des Arc Municipal Gas Company
DeValls Bluff Natural Gas System
Enbridge Pipelines LLC
Entergy
Georgia Pacific Corporation
Great Lakes Chemical Corporation
Gruy Petroleum Management Co.
Harrisburg Water and Gas Division
Hazen Natural Gas Company
Helena Harbor Port Authority
Integrated Services, Inc.
International Paper Company
Jonesboro City Light & Water
Kinder Morgan Pipeline
LKL Pipeline Company
North Crossett Gas & Water Company
Ozark Gas Gathering, LLC
Unimin Corporation
Wrightsville Power Facility, LLC

Master Meter Gas Operators

A & A Properties
Adams Mobile Home Park
AIMCO (Apartments)
Affordable Residential Comm. (MHP)
Alpha Property Management, Inc.
Arkansas Court Apartments
Arkoma, Inc.
Associate Management (Apartments)
Augusta Housing Authority
Autumn Run Mobile Home Park
B&G Mobile Home Park
Bailey Properties Corporation (Apartments)
Bald Knob Housing Authority
Bart Gray Realty (Apartments)
Batesville Housing Authority

Beaver Lake Mobile Home Park
Beebe Housing Authority
Bellefonte Mobile Home Park
BMA Investments
Bogle Properties
Boonstra Mobile Home Park
Boucher & Slack Enterprises (Apartments)
Brinkley Housing Authority
Buck's Trailer Park
CIC Arms Apartments
Cabin Court Apartments
Camden Housing Authority
Casa America Inc.
Century 21 River Valley Realty
Chateau Rental Properties LLC
Chateau West Apartments
Civitan Apartments
Clarendon Housing Authority
Coffman Investments (Apartments)
Cohen-Esrey Real Estate Services, Inc.
Colonial Arms Apartments
Colonial Estates Mobile Home Park
Colonial Oaks Apartments
Commercial Computer Services, Inc.
Con-Ivie Gardens Apartments
Conway Housing Authority
Cotton Plant Housing Authority
Country Oaks Village Mobile Home Trailer Park
Countryside Mobile Home Park
D&C Trailer Park
Dale Martin Trailer Park
Dan Epperly
Dardenelle Housing Authority
Delphi Property Management
Des Arc Housing Authority
Dewar Properties (Apartments)
Dhein's Mobile Home Park
Earle Housing Authority
Ed Cook
Ed Russell
Everett Properties
Fick Street Apartments
First Capitol Management Group (Apartments)
Forrest City Housing Authority
Fort Smith Housing Authority
Georgetown Apartments
Glen Echo Mobile Home Park
Green Acres Mobile Home Park
Green Elf Court Apartments
Guffey Properties (Mobile Home Park)
H. B. Country, Inc.
Happy Pines Mobile Home Park
Harris Trailer Park

Master Meter Gas Operators (Continued)

Heber Springs Housing Authority
Henry Management
Hermitage Trailer Park
Hickory Ridge Housing Authority
Highcliff Apartments
Hill Top Mobile Home Park
Hilltop Mobile Home Park
Hoxie Housing Authority
Hudson Realty Company (Apartments)
Hughes Housing Authority
JAF Enterprises
J & L Properties
Jarrett Property Management (Apartments)
Jim Peacock Realty (Apartments)
Jones Trailer Park
Keathley Enterprises (Mobile Home Park)
Keller's Mobile Home Park
Kohner Properties (Apartment)
Krebs Rentals (Mobile Home Park)
Lakeland Trailer Park
Leta Wagner
Love's Apartments
Magnolia Housing Authority
Mammoth Spring Housing Authority
Manila Housing Authority
Mansfield Properties
Maple Shade Trailer Park
Marianna Housing Authority
Marshall Property Mgmt. LLC
McClure Inc.
McCrory Housing Authority
Mena & Polk Co. Housing Authority
Midway Park
Mike Rushin Company
Mission Housing Mgmt.
Moon's Trailer Park
Moore Apartments
Morgan's Trailer Park
Motor Inn Trailer Park
Mountain Home Mobile Home Park
Mr. James Love (MHP)
Mr. Johnny Bradley Sr.
Newport Housing Authority
Niblock Investments, LLC
NWA Premier Holdings LLC
Out-in-the-Woods Apartments
Painter's Mobile Home Park
Paradise Developers
Paragould Housing Authority
Parkin Housing Authority
Parkway Crossing Apartments

Pharr Apartments
Pine Meadow Trailer Park
Pocahontas Housing Authority
Poplar Square Apartments
Pro Realty (Apartments)
Property Management, Inc. (Apartments)
Protho Manor Apartments
R.R. & L.L. Incorporated
RPS Management Company LP (Apartments)
Rector Housing Authority
Rector-Phillips-Morse (Apartments)
Remount Road / Spriggs Road M-H-P
Rental Management, Inc. (Apartments)
Rison Housing Authority
River Ridge Park
Ro-Lynn Hills Mobile Home Park
Rockway
Rolling Hills Mobile Home Park
Royal Oak Apartments
Ruff's Mobile Home Park
Rutherford Mobile Home Park
Salem Housing Authority
Scholars Inn Apartments
Shady Acres Mobile Home Park
Shady Rest Court
Sink Realty (Apartments)
Southgate Village
Spring Lane Properties
Squire Court Limited Partnership (Apartments)
Star Management (Apartments)
Suburban Mobile Home Park
Sugarloaf Trailer Park
Sulcer Real Estate Rentals
Suncrest Village LLC
Sunrise Village LLC
Sunset Village LLC
Sweetser Properties
Taliafaro, Inc. (Apartments)
Tara Garden, LLC
Ted & Alejandra Uffman
Terry Lynn Trailer Park
The English Apartments
Town Houses in the Park
Trailwood Mobile Home Park
Travis Trailer Park
Trent Consulting & Investing
Trumann Housing Authority
Tucker's Trailer Park
United Property Management (Apartments)
University Trailer Park
W-7 Mobile Park
Ward's Mobile Home Park
Warren Housing Authority

Washington Plaza Apartments
West Memphis Housing Authority
Westpark Meadows Apartments
Wilbur's Mobile Home Park
Willow Bend Properties LLC
Willow Wood Apartments
Winston Apartments
Woodridge Estates Mobile Home Park
Woodcreek, Inc.

Incumbent Local Exchange Carriers

Alltel Arkansas, Inc.
Arkansas Telephone Company
Arkwest Communication, Inc.
Central Arkansas Telephone Cooperative
Century Telephone of Arkansas, Inc.
CenturyTel of Central Arkansas, LLC
CenturyTel of Mountain Home, Inc.
CenturyTel of Northwest Arkansas, Inc.
CenturyTel of Northwest Louisiana, Inc.
CenturyTel of Redfield, Inc.
CenturyTel of South Arkansas, Inc.
Cleveland County Telephone Company
Decatur Telephone Company
E. Ritter Telephone Company
 d/b/a Ritter Telephone Company
Lavaca Telephone Company
 d/b/a Pinnacle Communications
Madison County Telephone Company
Magazine Telephone Company
Mountain View Telephone Company
Northern Arkansas Telephone Company
Ozark Telephone Company
Prairie Grove Telephone Company
Rice Belt Telephone Company
Scott County Telephone Company
South Arkansas Telephone Company
Southwest Arkansas Telephone Cooperative
Southwestern Bell Telephone Company
Tri-County Telephone Company
Valor Telecommunications of Texas
Walnut Hill Telephone Company
Yelcot Telephone Company

Competitive Local Exchange Carriers

1-800-Reconex, Inc.
Acceris Communications Corporation
ACN Communication Services, Inc.
Adelphia Business Solutions Investments, LLC
 d/b/a Telcove
Advanced Telcom, Inc.
 d/b/a Advanced Telcom Group, Inc.
ALLTEL Communications, Inc.
American Farm Bureau, Inc.
 d/b/a The Farm Bureau Connection
Arkansas State Telephone
AT&T Communications of the SW
Basicphone, Inc.
Bellerud Communications, LLC
Big River Telephone Company, LLC
Brooks Fiber Communications of ARK, Inc.
Budget Phone, Inc.
Bullseye Telecom, Inc.
Business Telecom, Inc.
 d/b/a BTI Telecommunications Services
CallNet Communications, Inc.
CAT Communications International, Inc.
CenturyTel Fiber Company II, LLC
CenturyTel Solutions, LLC
Charter Fiberlink AR – CCVIL, LLC
Cinergy Communications Corp
Comcast Phone of Arkansas, Inc.
Comm South, Inc.
 d/b/a Arkansas Comm South, Inc.
CommPartners, LLC
CommuniGroup of Jackson, Inc.
Connect Communications Corp.
Covista, Inc.
Cox Arkansas Telcom, LLC
Credit Loans, Inc.
 d/b/a Lone Star Telephone Company
DPI-Teleconnect, Inc.
DSLNet Communications, Inc.
DVC Enterprises, Inc.
 d/b/a DVC Telecom
E. Ritter Communications, Inc.
 d/b/a Ritter Communications, Inc.
Easton Telecom Services, LLC
Enhanced communications Group, LLC
 d/b/a ECG
Ernest Communications, Inc.
Excel Telecommunications, Inc.
FamilyTel of Arkansas, Inc.
France Telecom Corporate Solutions, LLC
Gateway Telecom, Inc.
Global Connection Inc. of America

Competitive Local Exchange Carriers (Continued)

Global Crossing Telemanagement, Inc.
Grande Communication Network, Inc.
Granite Telecommunications, LLC
Hometel, Inc.
IBFA Acquisition Company, LLC
IDT America, Corp
Image Access, Inc.
 d/b/a New Phone
Infone, LLC
Ionex Communications South, Inc.
ISA Telecommunications, LLC
ITC Deltacom Communications, Inc.
 d/b/a ITC^Deltacom
Kentucky Data Link, Inc.
KMC Data, LLC
KMC Telecom V, Inc.
Larry Baldwin
 d/b/a NEA Telecom
Level 3 Communications, LLC
Liberty Phones
Lightyear Network Solutions, LLC
Matrix Telecom
MCImetro Access Transmission Services, LLC
McLeodUSA Telemanagement Services
Metropolitan Telecommunications of Arkansas, Inc.
 d/b/a MeTel
Navigator Telecommunications, Inc.
NetworkIP, LLC
New Access Communications, LLC
New Edge Network, Inc.
 d/b/a New Edge Networks
Nexus Communications, Inc.
N11 Communications, LTD
NOS Communications, Inc.
Now Acquisition Corporation
NOW Communications, Inc.
NuVox Communications of Arkansas, Inc.
Pacific Centrex Services, Inc.
Phone-Link, Inc.
Pinnacle Telecom, LLC
Preferred Carrier Services, Inc.
Quality Telephone
QuantumShift Communications, Inc.
Qwest Interprise America, Inc.
Reliant Communications, Inc.
Sage Telecom, Inc.
SBC Advanced Solutions, Inc.
Southern Telecom Network, Inc.
 d/b/a STN Long Distance, Inc.
Sprint Communications Co. L.P.
Suretel, Inc.

Syniverse Networks, Inc.
Talk America, Inc.
TCA Communications
TCG Kansas City, Inc.
The Phone Connection
Thielpape, Harry
 d/b/a State Discount Telephone
Trinsic Communications
UCN, Inc.
Universal Access, Inc.
Universal Telecom, Inc.
 d/b/a Universal Communications
USCom Telephone, Inc.
Valuelinx Communications Corp.
Vantage Telecom, LLC
 d/b/a NewRoads
Vartec Telecom, Inc.
 d/b/a Vartec Telecom and Clear Choice Comm.
Verizon Select Services
Western Communications, Inc.
 d/b/a Logix Communications
WorldLynx, LLC
XO Long Distance Services and
 XO Communications Services
XO Network Services, Inc.
Xspedius Management Co. of Little Rock, LLC
Xspedius Management Co. Switched Services, LLC

Interexchange Carriers and Private Pay Telephone Providers

360 Networks (USA) Inc.
3U Telecom, Inc.
800 Response Information Services, LLC
Acceris Management and Acquisition, LLC
Access One, Inc.
Access Point, Inc.
AccessLine Communications Corporation
ACCXX Communications, LLC
Advanced Tel, Inc.
 d/b/a EATEL
Advantage Telecommunications Corp.
Affinity Network Incorporated
 d/b/a Horizon One Communication
 d/b/a Quantumlink Communications
AGM Telecom Corporation
Airnex Communications, Inc.
Alliance Group Services, Inc.
American Long Lines, Inc.
American Telecommunications Systems, Inc.
Americatel Corporation
 d/b/a 10123 Americatel

**Interexchange Carriers and Private Pay
Telephone Providers (Continued)**

AmeriVision Communications, Inc.
d/b/a Lifeline Communications, Inc.
AmeriVon, LLC
Andiamo Telecom, LLC
A.R.C. Networks, Inc.
d/b/a Info Highway
Arkansas Payphones, Inc.
ASC Telcom, Inc.
Asia Talk Telecom, Inc.
Association Administrators, Inc.
ATX Licensing, Inc.
AXES, Inc.
d/b/a AXCES International
BAK Communications, LLC
Bell Atlantic communications, Inc.
d/b/a Verizon Long Distance
Bellsouth Long Distance, Inc.
BridgeCom International, Inc.
Broadband Dynamics, LLC
Broadwing Communications, LLC
BT Communications Sales, LLC
Budget Call Long Distance
Buehner-Fry, Inc.
d/b/a Resort
Business Discount Plan, Inc.
Business Network Long distance, Inc.
Business Productivity Solutions, Inc.
Buyers United, Inc.
d/b/a Buyersonline
d/b/a United Carrier Networks
Buzz Telecom Corporation
Casco Pay Phones
CenturyTel Long Distance, Inc.
CFL, LLC
d/b/a CFL Payphones
Cincinnati Bell Any Distance
Cinemark USA, Inc.
Citizens Telecommunications Company
d/b/a Citizens Long Distance Company
City Tele Coin Company, Inc.
Claricom Networks, Inc.
d/b/a Staples Communications Networks
Coast International, Inc.
Cognigen Networks, Inc.
Coleman Enterprises, Inc.
d/b/a Local Long Distance
Com-Tech Resources
d/b/a Com-Tech Systems
Comcast Business Communications, Inc.
d/b/a Comcast Long Distance

Communicate Technological Systems, LLC
Communications Network Billing, Inc.
Communigroup of K.C., Inc.
d/b/a CGI
Comtech 21, LLC
Connect America Communications
Connie West
Consolidated Communications
Operator Services, Inc.
Convergia, Inc.
CTC Communications Corp.
Custom Teleconnect, Inc.
DCT Telecom Group, Inc.
D.D.D. Calling, Inc.
Del-Tel, Inc.
Dial Around Telecom, Inc.
Dial-Thru, Inc.
Dialaround Enterprises, Inc.
Douglas K. Skokos
d/b/a Diller Payphones
E. Ritter Long Distance
d/b/a Tri-County Long Distance, Inc.
ECI Communications, Inc.
d/b/a ITS Network Services
Electric Lightwave, Inc.
eMeritus Communications, Inc.
Encompass Communications, LLC
Enhanced Communications Network, Inc.
Entrix Telecom, Inc.
Epixtar Communications Corp.
ETS Payphones
Evercom Systems, Inc.
Exergy Group, LLC
EZTel Network Services, Inc.
Freedomstarr Communications, Inc.
d/b/a Planet Earth Communications
d/b/a iPhonebill.com
Gates Communications, Inc.
Globalcom, Inc.
Global Crossing North American Networks, Inc.
Global Crossing Telecommunications, Inc.
Global Tel*Link Corporation
d/b/a Global TelCoin
Go-solo Technologies, Inc.
Gold Line Telemanagement, Inc.
GTC Telecom
Horizon Telecom, Inc.
d/b/a Horizon Telecom of Arkansas
Infonet Telecommunications Corp.
Intellicall Operator Services, Inc.
d/b/a ILD
Inter-Tel NetSolutions, Inc.

**Interexchange Carriers and Private Pay
Telephone Providers (Continued)**

Intercontinental Communications Group, Inc.
 d/b/a Fusion Telecom
 d/b/a Fusion-Trucker Phone
 Interstate Telecommunications of Georgia, Inc.
 Jack L. Hunter
 Jaroth, Inc.
 K-Powernet, LLC
 KDD America, Inc.
 LCR Telecommunications
 LDMI Telecommunications, Inc.
 d/b/a FoneTel
 d/b/a LDMI Telecommunications
 Least Cost Routing, Inc.
 Legacy Long Distance International
 Long Distance Billing Services
 Long Distance Consolidated Billing Company
 Lotel, Inc.
 d/b/a Coordinated Billing Services
 Main Street Telephone Company
 Marathon Communications Corporation
 McGraw Communications, Inc.
 MCI Worldcom Communications, Inc.
 MCI Worldcom Network Services, Inc.
 Michael E. Gray
 Midessa Communications Management Systems, Inc.
 NATCO Technologies, Inc.
 Nationwide Professional Teleservices, LLC
 National Access Long Distance, Inc.
 National Directory Assistance, LLC
 National Telephone Company
 Neal Morris
 d/b/a Leasing Association
 NECC Telecom, Inc.
 Netlojix Telecom, Inc.
 Net One International, Inc.
 Network Billing Systems, LLC
 Network Communications International Corp.
 Network Operator Services, Inc.
 Network Service Billing
 Network Services Group, Inc.
 Network US, Inc.
 d/b/a CA Affinity
 Network PTS, Inc.
 New Century Telecom, Inc.
 Nobeltel, Inc.
 Norstan Network Services, Inc.
 NOSVA Limited Partnership
 d/b/a CierraCom Systems
 Nowell Communications
 NUI Telecom, Inc.

NYNEX Long Distance Company
 d/b/a Verizon Enterprise Solutions
 OCMC, Inc.
 d/b/a 1-800-Max-Save,
 AdvanTel LiveTel,
 RegionTel, SuperTel,
 Opticom
 Onelink Communications, Inc.
 Operator Communications, Inc.
 d/b/a Oncor
 Operator Service Company
 Opex Communications, Inc.
 Paetec Communications, Inc.
 Payphones of Arkansas
 Peak Communications, Inc.
 Phone1, Inc.
 Phonetel Technologies, Inc.
 PNG Telecommunications, Inc.
 d/b/a PowerNet Global Communications
 PrimeTime Communications, Inc.
 Primus Telecommunications, Inc.
 Promisevision Technology, Inc.
 d/b/a United American Technology
 PT-1 Communication, Inc.
 Public Communication Services, Inc.
 Quasar Communications Corp.
 QWEST Communications Corporation
 R2C Communications, Inc.
 Ray A. Beierle
 d/b/a Reliable Communications
 Red River Networks, LLC
 Reduced Rate Long Distance, LLC
 Ridley Telephone Company, LLC
 RRV Enterprise, Inc.
 d/b/a Consumer Access
 Raymond and Pamela Ryba
 Smartstop, Inc.
 Sprint Payphone Services, Inc.
 Startec Global Licensing Company
 SWB Communications Services
 d/b/a Southwestern Bell Long Distance
 T-Netix, Inc.
 T-Netix Telecommunications
 TDS Long Distance Corp.
 Telco Partners, Inc.
 Tele-Connect, Inc.
 Telecare, Inc.
 Telecom Management, Inc.
 Teleconnect Long Distance Services
 and System Company
 d/b/a Telecom*USA
 Teledia Communications, Inc.
 Telefyne Incorporated

**Interexchange Carriers and Private Pay
Telephone Providers (Continued)**

Telenational Communications, Inc.
Telephone Company of Central FL
Teletrust, Inc.
TeleUno, Inc.
Telliss, LLC
Telmex USA, LLC
Telrite Corporation
Texas Inmate Phones Communications
TLX Communications, Inc.
 d/b/a Tel America Long Distance Service
 d/b/a United Telep. Co.
Ton Services, Inc.
Total Call International, Inc.
Touch 1 Communications, Inc.
Touchtone Communications, Inc.
Tri-M Communications
 d/b/a TMC Communications
TTI National, Inc. (MCI)
Uni-Tel Communications Group, Inc.
Unity Communications, Inc.
US LEC Communications, Inc.
US South Communications, Inc.
 d/b/a US South
 d/b/a Incomm
U.S. Telecom Long Distance, Inc.
USA Digital Communications, Inc.
USLD Communications, Inc.
 f/k/a U.S. Long Distance, Inc.
Valor Telecommunications, LD, LLC
Value Added Communications, Inc.
Voicecom Telecommunications, LLC
WDT World Discount Telecommunications Co.
Westel, Inc.
Wholesale Carrier Services, Inc.
WilTel Communications, LLC
Winstar Communications, Inc.
Working Assets Long Distance
Worldexchange Corporation
 d/b/a Acceris Communication Partners
 d/b/a Acceris Communication Solutions
X2Comm, Inc.
 d/b/a Direct Connect Communications
Yak Communications (America), Inc.
Zone Telecom, Inc.
Zoom I-Net Communications, Inc.

Water and Sewer Utilities

Riviera Utilities of Arkansas, Inc.
Sebastian Lake Public Utility co.
Shumaker Public Service Corporation
United Water Arkansas, Inc.

APPENDIX B - STATISTICAL SUMMARIES

Electric Companies - Arkansas Only Plant Investment; Operating Revenues Year Ended December 31, 2004

Company	Plant Investment	Operating Revenues	Ratio (%) Operating Revenues/Investment
Arkansas Electric Cooperative Corp.	\$1,321,713,941	\$414,084,154	31.33%
Arkansas Valley Electric Cooperative Corp.	167,275,308	69,821,708	41.74%
Ashley-Chicot Electric Cooperative	28,176,095	7,303,932	25.92%
C & L Electric Cooperative Corp.	85,406,060	24,318,670	28.47%
Carroll Electric Cooperative Corp.	227,247,195	78,075,284	34.36%
Clay County Electric Cooperative Corp.	50,351,296	15,594,995	30.97%
Craighead Electric Cooperative Corp.	104,607,629	31,112,914	29.74%
Empire District Electric Company	15,454,875	7,519,922	48.66%
Entergy Arkansas, Inc.	6,443,830,396	1,653,126,600	25.65%
Farmers Electric Cooperative Corp.	15,305,134	5,463,695	35.70%
First Electric Cooperative Corp.	300,293,940	103,801,284	34.57%
Mississippi County Electric Cooperative	23,218,428	93,204,160	401.42%
North Arkansas Electric Cooperative	141,724,913	39,610,747	27.95%
Oklahoma Gas and Electric Company	230,938,573	181,733,442	78.69%
Ouachita Electric Cooperative Corp.	47,115,018	15,279,313	32.43%
Ozarks Electric Cooperative Corp.	146,760,194	55,547,746	37.85%
Petit Jean Electric Cooperative Corp.	71,823,734	20,122,041	28.02%
Rich Mountain Electric Cooperative	32,443,663	8,376,299	25.82%
South Central Arkansas Electric Cooperative	43,011,049	14,258,294	33.15%
Southwest Arkansas Electric Cooperative	112,819,416	37,679,262	33.40%
Southwestern Electric Power Company	547,754,694	244,365,431	44.61%
Woodruff Electric Cooperative Corp.	94,603,084	26,030,103	27.52%
Totals	\$10,251,874,635	\$3,146,429,996	30.69%

Electric Companies - Arkansas Only
Customers; kWh Sold; Revenues
Year ended December 31, 2004

Company	No. of Customers	kWh Sold	Revenues	Average Revenues Per Customer	Average kWh Per Customer
Arkansas Electric Cooperative Corporation					
Residential	0	0	\$0	\$0	0
Irrigation	0	0	0	0	0
Commercial	0	0	0	0	0
Industrial	0	0	0	0	0
Public Authority	0	0	0	0	0
<i>Totals Retail</i>	0	0	\$0	\$0	0
<i>Wholesale</i>	39	12,395,607	413,729,984	10,608,461	317,836
<i>Other Revenues</i>	N/A	N/A	354,170	N/A	N/A
Totals	39	12,395,607	\$414,084,154	N/A	N/A
Arkansas Valley Electric Cooperative Corporation					
Residential	45,615	639,158,256	\$48,928,538	\$1,073	14,012
Irrigation	0	0	0	0	0
Commercial	2,516	100,038,447	6,735,426	2,677	39,761
Industrial	12	268,835,420	12,094,574	1,007,881	22,402,952
Public Authority	605	19,283,494	1,438,736	2,378	31,874
<i>Totals Retail</i>	48,748	1,027,315,617	\$69,197,274	\$1,419	21,074
<i>Wholesale</i>	0	0	0	0	0
<i>Other Revenues</i>	N/A	N/A	624,434	N/A	N/A
Totals	48,748	1,027,315,617	\$69,821,708	N/A	N/A
Ashley-Chicot Electric Cooperative, Inc.					
Residential	3,880	52,454,386	\$4,649,469	\$1,198	13,519
Irrigation	199	4,404,085	574,930	2,889	22,131
Commercial	926	22,502,404	1,969,876	2,127	24,301
Industrial	0	0	0	0	0
Public Authority	18	670,154	54,992	3,055	37,231
<i>Totals Retail</i>	5,023	80,031,029	\$7,249,267	\$1,443	15,933
<i>Wholesale</i>	0	0	0	0	0
<i>Other Revenues</i>	N/A	N/A	54,665	N/A	N/A
Totals	5,023	80,031,029	\$7,303,932	N/A	N/A

**Electric Companies - Arkansas Only
Customers; kWh Sold; Revenues
Year ended December 31, 2004**

Company	No. of Customers	kWh Sold	Revenues	Average Revenues Per Customer	Average kWh Per Customer
C&L Electric Cooperative Corporation					
Residential	18,655	234,237,139	\$17,915,154	\$960	12,556
Irrigation	197	3,674,618	542,235	2,752	18,653
Commercial	1,544	57,316,766	4,051,271	2,624	37,122
Industrial	9	13,292,662	755,984	83,998	1,476,962
Public Authority	403	7,533,939	565,109	1,402	18,695
<i>Totals Retail</i>	20,808	316,055,124	\$23,829,753	\$1,145	15,189
<i>Wholesale</i>	0	0	0	0	0
<i>Other Revenues</i>	N/A	N/A	488,917	N/A	N/A
Totals	20,808	316,055,124	\$24,318,670	N/A	N/A
Carroll Electric Cooperative Corporation					
Residential	59,517	819,341,374	\$55,793,300	\$937	13,767
Irrigation	0	0	0	0	0
Commercial	4,226	223,071,318	12,500,701	2,958	52,785
Industrial	10	226,715,013	7,731,684	773,168	22,671,501
Public Authority	59	3,096,538	244,218	4,139	52,484
<i>Totals Retail</i>	63,812	1,272,224,243	\$76,269,903	\$1,195	19,937
<i>Wholesale</i>	0	0	0	0	0
<i>Other Revenues</i>	N/A	N/A	1,805,381	N/A	N/A
Totals	63,812	1,272,224,243	\$78,075,284	N/A	N/A
Clay County Electric Cooperative Corporation					
Residential	10,277	98,351,568	\$8,709,590	\$847	9,570
Irrigation	530	2,462,599	358,179	676	4,646
Commercial	1,262	48,937,775	3,948,510	3,129	38,778
Industrial	12	31,946,858	2,211,546	184,296	2,662,238
Public Authority	116	2,356,110	194,355	1,675	20,311
<i>Totals Retail</i>	12,197	184,054,910	\$15,422,180	\$1,264	15,090
<i>Wholesale</i>	0	0	0	0	0
<i>Other Revenues</i>	N/A	N/A	172,815	N/A	N/A
Totals	12,197	184,054,910	\$15,594,995	N/A	N/A

**Electric Companies - Arkansas Only
Customers; kWh Sold; Revenues
Year ended December 31, 2004**

Company	No. of Customers	kWh Sold	Revenues	Average Revenues Per Customer	Average kWh Per Customer
Craighead Electric Cooperative Corporation					
Residential	21,597	307,175,481	\$22,048,019	\$1,021	14,223
Irrigation	917	6,421,203	788,603	860	7,002
Commercial	4,546	95,472,741	6,714,609	1,477	21,001
Industrial	7	17,382,823	966,271	138,039	2,483,260
Public Authority	27	733,857	64,314	2,382	27,180
<i>Totals Retail</i>	27,094	427,186,105	\$30,581,816	\$1,129	15,767
<i>Wholesale</i>	0	0	0	0	0
<i>Other Revenues</i>	N/A	N/A	531,098	N/A	N/A
Totals	27,094	427,186,105	\$31,112,914	N/A	N/A
Empire District Electric Company, The					
Residential	3,239	35,540,986	\$2,416,130	\$746	10,973
Irrigation	0	0	0	0	0
Commercial	647	29,297,001	1,784,373	2,758	45,281
Industrial	30	71,076,261	2,776,624	92,554	2,369,209
Public Authority	57	3,359,241	206,791	3,628	58,934
<i>Totals Retail</i>	3,973	139,273,489	\$7,183,918	\$1,808	35,055
<i>Wholesale</i>	2	6,423,734	190,619	95,310	3,211,867
<i>Other Revenues</i>	N/A	N/A	145,385	N/A	N/A
Totals	3,975	145,697,223	\$7,519,922	N/A	N/A
Entergy Arkansas, Inc.					
Residential	562,475	7,027,875,150	\$539,283,207	\$959	12,495
Irrigation	0	0	0	0	0
Commercial	82,128	5,427,665,194	304,801,575	3,711	66,088
Industrial	22,528	7,004,247,780	318,438,224	14,135	310,913
Public Authority	583	274,500,825	15,796,385	27,095	470,842
<i>Totals Retail</i>	667,714	19,734,288,949	\$1,178,319,391	\$1,765	29,555
<i>Wholesale</i>	23	12,348,692,296	436,049,372	18,958,668	536,899,665
<i>Other Revenues</i>	N/A	N/A	38,757,837	N/A	N/A
Totals	667,737	32,082,981,245	\$1,653,126,600	N/A	N/A

**Electric Companies - Arkansas Only
Customers; kWh Sold; Revenues
Year ended December 31, 2004**

Company	No. of Customers	kWh Sold	Revenues	Average Revenues Per Customer	Average kWh Per Customer
Farmers Electric Cooperative Corporation					
Residential	4,368	49,257,213	\$3,629,749	\$831	11,277
Irrigation	443	6,975,531	800,707	1,807	15,746
Commercial	543	17,372,258	924,826	1,703	31,993
Industrial	12	455,040	29,282	2,440	0
Public Authority	0	0	0	0	0
<i>Totals Retail</i>	5,366	74,060,042	\$5,384,564	\$1,003	13,802
<i>Wholesale</i>	0	0	0	0	0
<i>Other Revenues</i>	N/A	N/A	79,131	N/A	N/A
Totals	5,366	74,060,042	\$5,463,695	N/A	N/A
First Electric Cooperative Corporation					
Residential	70,029	966,255,637	\$76,090,271	\$1,087	13,798
Irrigation	439	35,293,136	3,417,080	7,784	80,394
Commercial	3,811	135,225,933	9,997,290	2,623	35,483
Industrial	37	335,505,810	10,990,266	297,034	9,067,725
Public Authority	448	18,742,870	1,306,843	2,917	41,837
<i>Totals Retail</i>	74,764	1,491,023,386	\$101,801,750	\$1,362	19,943
<i>Wholesale</i>	0	0	0	0	0
<i>Other Revenues</i>	N/A	N/A	1,999,534	N/A	N/A
Totals	74,764	1,491,023,386	\$103,801,284	N/A	N/A
Mississippi County Electric Cooperative, Inc.					
Residential	3,513	55,218,930	\$3,030,166	\$863	15,718
Irrigation	274	2,473,186	266,789	974	9,026
Commercial	514	15,552,489	804,120	1,564	30,258
Industrial	26	3,216,287,900	88,964,407	3,421,708	123,703,381
Public Authority	40	1,590,474	101,820	2,546	39,762
<i>Totals Retail</i>	4,367	3,291,122,979	\$93,167,302	\$21,334	753,635
<i>Wholesale</i>	0	0	0	0	0
<i>Other Revenues</i>	N/A	N/A	36,858	N/A	N/A
Totals	4,367	3,291,122,979	\$93,204,160	N/A	N/A

Electric Companies - Arkansas Only
Customers; kWh Sold; Revenues
Year ended December 31, 2004

Company	No. of Customers	kWh Sold	Revenues	Average Revenues Per Customer	Average kWh Per Customer
North Arkansas Electric Cooperative, Inc.					
Residential	30,846	351,636,574	\$28,856,416	\$935	11,400
Irrigation	0	0	0	0	0
Commercial	2,253	79,509,957	5,559,699	2,468	35,291
Industrial	7	90,174,480	4,435,582	633,655	12,882,069
Public Authority	341	5,784,503	483,897	1,419	16,963
<i>Totals Retail</i>	33,447	527,105,514	\$39,335,594	\$1,176	15,759
<i>Wholesale</i>	0	0	0	0	0
<i>Other Revenues</i>	N/A	N/A	275,153	N/A	N/A
Totals	33,447	527,105,514	\$39,610,747	N/A	N/A
Oklahoma Gas and Electric Company					
Residential	51,972	655,588,866	\$47,882,459	\$921	12,614
Irrigation	0	0	0	0	0
Commercial	8,327	684,024,722	37,019,439	4,446	82,145
Industrial	430	1,135,615,599	49,937,000	116,133	2,640,967
Public Authority	1,200	126,254,462	7,933,836	6,612	105,212
<i>Totals Retail</i>	61,929	2,601,483,649	\$142,772,734	\$2,305	42,008
<i>Wholesale</i>	22	862,149,452	38,326,244	1,742,102	39,188,611
<i>Other Revenues</i>	N/A	N/A	634,464	N/A	N/A
Totals	61,951	3,463,633,101	\$181,733,442	N/A	N/A
Ouachita Electric Cooperative Corporation					
Residential	8,506	98,633,188	\$7,510,484	\$883	11,596
Irrigation	0	0	0	0	0
Commercial	911	70,550,183	4,260,016	4,676	77,443
Industrial	7	73,357,240	3,296,613	470,945	10,479,606
Public Authority	6	417,226	25,151	4,192	69,538
<i>Totals Retail</i>	9,430	242,957,837	\$15,092,264	\$1,600	25,764
<i>Wholesale</i>	0	0	0	0	0
<i>Other Revenues</i>	N/A	N/A	187,049	N/A	N/A
Totals	9,430	242,957,837	\$15,279,313	N/A	N/A

**Electric Companies - Arkansas Only
Customers; kWh Sold; Revenues
Year ended December 31, 2004**

Company	No. of Customers	kWh Sold	Revenues	Average Revenues Per Customer	Average kWh Per Customer
Ozarks Electric Cooperative Corporation					
Residential	44,294	569,466,306	\$39,379,248	\$889	12,857
Irrigation	0	0	0	0	0
Commercial	1,877	143,621,625	9,550,983	5,088	76,517
Industrial	17	77,417,728	4,009,181	235,834	4,553,984
Public Authority	278	24,618,557	1,772,316	6,375	88,556
<i>Totals Retail</i>	46,466	815,124,216	\$54,711,728	\$1,177	17,542
<i>Wholesale</i>	0	0	0	0	0
<i>Other Revenues</i>	N/A	N/A	836,018	N/A	N/A
Totals	46,466	815,124,216	\$55,547,746	N/A	N/A
Petit Jean Electric Cooperative Corporation					
Residential	16,793	180,871,847	\$14,467,745	\$862	10,771
Irrigation	0	0	0	0	0
Commercial	1,424	51,628,348	3,526,306	2,476	36,256
Industrial	10	24,944,000	1,332,486	133,249	2,494,400
Public Authority	332	5,940,397	481,987	1,452	17,893
<i>Totals Retail</i>	18,559	263,384,592	\$19,808,524	\$1,067	14,192
<i>Wholesale</i>	0	0	0	0	0
<i>Other Revenues</i>	N/A	N/A	313,517	N/A	N/A
Totals	18,559	263,384,592	\$20,122,041	N/A	N/A
Rich Mountain Electric Cooperative, Inc.					
Residential	7,151	96,727,581	\$7,469,057	\$1,044	13,526
Irrigation	0	0	0	0	0
Commercial	363	12,646,363	814,269	2,243	34,838
Industrial	0	0	0	0	\$0
Public Authority	0	0	0	0	0
<i>Totals Retail</i>	7,514	109,373,944	\$8,283,326	\$1,102	14,556
<i>Wholesale</i>	0	0	0	0	0
<i>Other Revenues</i>	N/A	N/A	92,973	N/A	N/A
Totals	7,514	109,373,944	\$8,376,299	N/A	N/A

**Electric Companies - Arkansas Only
Customers; kWh Sold; Revenues
Year ended December 31, 2004**

Company	No. of Customers	kWh Sold	Revenues	Average Revenues Per Customer	Average kWh Per Customer
South Central Arkansas Electric Cooperative, Inc.					
Residential	9,203	107,162,069	\$8,288,814	\$901	11,644
Irrigation	9	191,030	23,287	2,587	21,226
Commercial	511	13,590,154	1,106,850	2,166	26,595
Industrial	8	116,165,893	4,726,512	590,814	14,520,737
Public Authority	9	193,482	23,273	2,586	21,498
<i>Totals Retail</i>	9,740	237,302,628	\$14,168,736	\$1,455	24,364
<i>Wholesale</i>	0	0	0	0	0
<i>Other Revenues</i>	N/A	N/A	89,558	N/A	N/A
Totals	9,740	237,302,628	\$14,258,294	N/A	N/A
Southwest Arkansas Electric Cooperative Corporation					
Residential	22,399	315,371,023	\$23,519,237	\$1,050	14,080
Irrigation	0	0	0	0	0
Commercial	1,532	29,804,090	2,172,842	1,418	19,454
Industrial	209	250,547,039	10,939,288	52,341	1,198,790
Public Authority	456	5,734,363	433,372	950	12,575
<i>Totals Retail</i>	24,596	601,456,515	\$37,064,739	\$1,507	24,453
<i>Wholesale</i>	0	0	0	0	0
<i>Other Revenues</i>	N/A	N/A	614,523	N/A	N/A
Totals	24,596	601,456,515	\$37,679,262	N/A	N/A
Southwestern Electric Power Company					
Residential	90,149	1,016,032,946	\$63,196,891	\$701	11,271
Irrigation	0	0	0	0	0
Commercial	16,057	1,334,438,026	62,885,971	3,916	83,106
Industrial	835	1,660,451,151	62,006,699	74,260	1,988,564
Public Authority	179	11,407,672	1,482,451	8,282	63,730
<i>Totals Retail</i>	107,220	4,022,329,795	\$189,572,012	\$1,768	37,515
<i>Wholesale</i>	2	1,578,086,222	51,130,141	25,565,071	789,043,111
<i>Other Revenues</i>	N/A	N/A	3,663,278	N/A	N/A
Totals	107,222	5,600,416,017	\$244,365,431	N/A	N/A

**Electric Companies - Arkansas Only
Customers; kWh Sold; Revenues
Year ended December 31, 2004**

Company	No. of Customers	kWh Sold	Revenues	Average Revenues Per Customer	Average kWh Per Customer
Woodruff Electric Cooperative Corporation					
Residential	14,023	183,697,345	\$14,036,583	\$1,001	13,100
Irrigation	3,775	50,889,615	4,964,175	1,315	13,481
Commercial	712	57,321,000	3,823,116	5,370	80,507
Industrial	8	59,024,176	2,777,356	347,170	7,378,022
Public Authority	10	346,420	32,046	3,205	34,642
<i>Totals Retail</i>	18,528	351,278,556	\$25,633,276	\$1,383	18,959
<i>Wholesale</i>	0	0	0	0	0
<i>Other Revenues</i>	N/A	N/A	396,827	N/A	N/A
Totals	18,528	351,278,556	\$26,030,103	N/A	N/A
Electric Industry					
<i>Retail</i>	1,271,295	37,808,433,119	\$2,154,850,051	\$1,695	29,740
<i>Wholesale</i>	88	14,807,747,311	939,426,360	10,675,300	168,269,856
<i>Other Revenues</i>	N/A	N/A	52,153,585	N/A	N/A
Industry Totals	1,271,383	52,616,180,430	\$3,146,429,996	N/A	N/A

Gas Companies - Arkansas Only
Plant Investment; Operating Revenues
Year Ended December 31, 2004

Company	Plant Investment	Operating Revenues	Ratio (%) Operating Revenues/Investment
Arkansas Oklahoma Gas Corporation	\$75,618,401	\$66,708,661	88%
Arkansas Western Gas Company Northwest and Northeast Ark. Regions	235,792,820	152,447,771	65%
CenterPoint Energy Arkla, a division of CenterPoint Energy Resources Corp.	647,066,502	492,934,786	76%
Logan Township Gas Users Association	N/A	17,571	N/A
Totals	\$958,477,723	\$712,108,789	74%

**Gas Companies - Arkansas Only
Customers; Mcf Sold; Revenues
Year Ended December 31, 2004**

Company	No. of Customers	MCF Sold	Revenues	Average Revenues Per Customer	Average MCF Per Customer
Arkansas Oklahoma Gas Corporation					
Residential	41,588	2,698,063	\$30,270,443	\$728	65
Commercial	5,382	2,014,521	17,185,021	3,193	374
Industrial	25	2,368,645	16,345,436	653,817	94,746
Public Authority	2	21,089	183,555	91,778	10,545
<i>Totals Without Other Revenues</i>	46,997	7,102,318	\$63,984,455	\$1,361	151
<i>Other Revenues</i>	N/A	N/A	2,724,206	N/A	N/A
Totals	46,997	7,102,318	\$66,708,661	N/A	N/A
Arkansas Western Gas Company - Northwest and Northeast Arkansas Regions					
Residential	124,797	8,472,030	\$85,850,531	\$688	68
Commerical	16,514	5,641,960	49,393,125	2,991	342
Industrial	174	1,292,751	10,277,777	59,068	7,430
Public Authority	0	0	0	0	0
<i>Totals Without Other Revenues</i>	141,485	15,406,741	\$145,521,433	\$1,029	109
<i>Other Revenues</i>	N/A	N/A	6,926,338	N/A	N/A
Totals	141,485	15,406,741	\$152,447,771	N/A	N/A
CenterPoint Energy Arkla, a division of CenterPoint Energy Resources Corp.					
Residential	384,093	23,363,106	\$304,468,117	\$793	61
Commerical & Industrial	48,445	18,524,909	170,560,582	3,521	382
Public Authority	0	0	0	0	0
<i>Totals Without Other Revenues</i>	432,538	41,888,015	\$475,028,699	\$1,098	97
<i>Other Revenues</i>	N/A	N/A	17,906,087	N/A	N/A
Totals	432,538	41,888,015	\$492,934,786	N/A	N/A
Logan Township Gas Users Assoc.					
Residential	67	4,237	\$14,537	\$217	63
Commercial	0	0	0	0	0
Industrial	4	1,541	3,034	759	385
Public Authority	0	0	0	0	0
<i>Totals Without Other Revenues</i>	71	5,778	\$17,571	\$247	81
<i>Other Revenues</i>	NA	NA	NA	N/A	N/A
Totals	71	5,778	\$17,571	N/A	N/A
Gas Inudstry					
<i>Without Other Revenues</i>	621,091	64,402,852	\$684,552,158	\$1,102	104
<i>Other Revenues</i>	N/A	N/A	27,556,631	N/A	N/A
Industry Totals	621,091	64,402,852	\$712,108,789	N/A	N/A

Incumbent Local Exchange Carriers (ILEC) - Arkansas Only
Revenues and Access Lines
Year Ended December 31, 2004

Company	Arkansas Revenues	Access Lines		
		Residential and Rural	Business	Total Lines
ALLTEL of Arkansas, Inc.	\$66,771,058	79,801	23,689	103,490
Arkansas Telephone Company, Inc.	3,851,070	7,102	1,606	8,708
Central Arkansas Telephone Cooperative	2,127,495	2,841	325	3,166
CenturyTel of Arkansas, Inc.	12,012,467	14,954	3,640	18,594
CenturyTel of Central Arkansas, LLC	51,118,819	63,981	14,845	78,826
CenturyTel of Mountain Home, Inc.	12,188,051	16,797	5,058	21,855
CenturyTel of Northwest Arkansas, LLC	52,783,282	96,752	29,534	126,286
CenturyTel of Northwest Louisiana, Inc.	536,039	292	41	333
CenturyTel of Redfield, Inc.	1,946,945	1,627	224	1,851
CenturyTel of South Arkansas, Inc	782,761	686	110	796
Cleveland County Telephone Company	3,308,962	3,189	542	3,731
Decatur Telephone Company	1,061,739	820	471	1,291
E. Ritter Telephone Company	2,599,571	3,580	1,028	4,608
Lavaca Telephone Company, Inc.	1,470,115	1,542	180	1,722
Madison County Telephone Company	2,582,721	3,008	948	3,956
Magazine Telephone Company	412,691	941	115	1,056
Mountain View Telephone Company	3,234,720	5,669	1,926	7,595
Northern Arkansas Telephone Company, Inc.	7,529,090	6,222	1,473	7,695
Ozark Telephone Company of Missouri	33,654	119	18	137
Prairie Grove Telephone Company	6,579,275	8,287	1,421	9,708
Rice Belt Telephone Company, Inc	709,527	677	340	1,017
Scott County Telephone Co., Inc.	161,655	104	8	112
South Arkansas Telephone Company, Inc.	3,787,911	3,082	724	3,806
Southwest Arkansas Telephone Cooperative	3,953,438	5,241	566	5,807
Southwestern Bell Telephone, L.P.	507,578,456	508,029	284,698	792,727
Tri-County Telephone Company, Inc.	2,410,481	5,995	867	6,862
Valor Telecommunications of Texas, LP	4,170,287	12,688	4,446	17,134
Walnut Hill Telephone Company	4,568,037	4,665	1,034	5,699
Yelcot Telephone Company	2,760,820	3,088	1,018	4,106
Yell County Telephone Company	3,860,246	4,287	1,476	5,763
Totals	\$766,891,383	866,066	382,371	1,248,437

Competitive Local Exchange Carriers (CLEC) - Arkansas Only
Revenues and Access Lines
Year Ended December 31, 2004

Company	Revenues	Access Lines		
		Residential & Rural	Business	Total Lines
1-800-Reconex, Inc.	\$48,843	58	0	58
Acceris communications Corporation	74,916	0	0	0
CAN communication Services, Inc.	28,482	0	0	0
Advanced Telecom, Inc.	0	0	0	0
ALLTEL Communications, Inc.	31,242,584	2,231	56,854	59,085
American Farm Bureau	168,495	9	0	9
Arkansas State telephone	0	0	0	0
AT&T Communications of the Southwest, Inc.	N/A	N/A	N/A	N/A
Baldwin, Larry Joe dba NEA Telecom	48,000	160	0	160
Basic Phone, Inc.	129,233	273	0	273
Bellerud Communications, LLC	1,911	32	0	32
BellSouth BSE, Inc.	0	0	0	0
Big River Telephone Company, LLC	17,848	0	0	0
Budget Phone, Inc.	2,228,657	4,851	0	4,851
BullsEye Telecom, Inc.	0	0	0	0
Business Telecom, Inc. dba BTI Telecom.Services	32,737	0	0	0
Buy_tel Communications, Inc.	0	0	0	0
CAT Communications International, Inc	141,913	193	0	193
CenturyTel Fiber Company II, LLC	0	0	0	0
CenturyTel Solutions, LLC	0	0	0	0
Comm South Companies, Inc.	251,828	219	172	391
Charter Fiberlink AR-CCVII, LLC	0	0	0	0
Cinergy communications Company	0	0	0	0
Communigroup of Jackson, Inc.	377,369	0	0	0
Connect Communications Corporation	0	0	0	0
Covista, Inc.	19,765	0	0	0
Credit Loans, Inc.	11,830	36	0	36
dPi-Teleconnect, LLC	268,659	225	0	225
DSLnet Communications, LLC	0	0	0	0
DVC Enterprises, Inc. dba DVC Telecom	166,031	286	0	286
E. Ritter Communications, Inc.	270,609	68	1,310	1,378
Enhanced Communications LLC	26,085	0	0	0
Ernest Communications, Inc.	0	0	0	0
Excel Telecommunications, Inc.	N/A	N/A	N/A	N/A
FamilyTel of Arkansas, LLC	0	0	0	0
France Telecom Corporate Solutions, LLC	0	0	0	0
Gateway Telecom, Inc.	0	0	0	0
Global Connection Inc. of America	55,500	464	1	465
Global Crossing Telemanagement, Inc.	0	0	0	0
Grande Communications Netowrks,	0	0	0	0
Granite Telecommunications, LLC	52,503	0	324	324
HomeTel, Inc.	3,216,928	4,420	0	4,420
IDT American Corporation	410,079	0	0	0

Competitive Local Exchange Carriers (CLEC) - Arkansas Only
Revenues and Access Lines
Year Ended December 31, 2004

Company	Revenues	Access Lines		
		Residential & Rural	Business	Total Lines
Image Access Inc.	\$34,472	186	0	186
Ionex Communications South, Inc.	3,870	0	0	0
ITC Deltacom Communications, Inc.	565,393	0	0	0
Kentucky Data Link, Inc.	0	0	0	0
KMC Data , LLC	0	0	0	0
KMC Telecom III, Inc.	0	0	0	0
KMC Telecom V, Inc.	6,900,000	0	0	0
Level 3 Communications, LLC	759,141	0	0	0
Liberty Phones, Inc.	334,458	840	6	846
Lightyear Network Solutions, LLC	161,100	0	0	0
Matrix Telecom, Inc.	3,610	0	0	0
MCImetro Access Transmission Services Company, LLC	17,689,216	34,424	5,382	39,806
McLeodUSA Telecommunications Services	859,138	4	1,051	1,055
Metropolitan Telecommunications of Arkansas, Inc.	0	0	0	0
Metro Teleconnect Companies, Inc	19,220	9	0	9
NII Communications, Inc.	45,873	9	282	291
Navigator Telecommunication, LLC	3,216,713	5,813	1,634	7,447
NetworkIP, LLC	0	0	0	0
New Access Communications LLC	23,633	0	0	0
Nexus Communications, Inc.	0	0	0	0
Northeast Telecom, LLC	0	0	0	0
NOS Communications, Inc. dba Internet Business Assoc.	97,286	2	55	57
NOW Communications, Inc.	1,100	7	1	8
NuVox Communications of Arkansas, Inc.	1,941,956	4,708	0	4,708
Pacific Centrex Services, Inc.	0	0	0	0
Phone-Link, Inc.	49,839	831	0	831
Pinnacle Telecom, LLC	56,821	1,325	149	1,474
Preferred Carrier Services, Inc.	4,834	15	0	15
Quality Telephone Inc.	537	3	0	3
QuantumShift Communicaations, Inc.	15,386	0	15	15
Qwest Interprise America, Inc.	0	0	0	0
Reliant Communications	0	0	0	0
Sage Telecom, Inc.	N/A	N/A	N/A	N/A
SBC Advanced Solutions, Inc.	10,381,055	0	0	0
Southern Telcom Network, Inc. dba STN Long Distance	1,245,224	1,081	1,598	2,679
Sprint Communications Company, LP	4,177,673	117	422	539
Syniverse Networks, Inc. fka TSI Telephone	0	0	0	0
Talk America, Inc	157,574	102	0	102
TCA Communications, Inc.	762,387	0	0	0
TCG Kansas City, Inc.	0	0	0	0
TelCove Investment, LLC	2,101,450	0	3,897	3,897
The Phone Connection, Inc.	205,877	412	0	412
Thielepape, Harry dba State Discount Telephone	36,221	186	0	186

Competitive Local Exchange Carriers (CLEC) - Arkansas Only
Revenues and Access Lines
Year Ended December 31, 2004

Company	Revenues	Access Lines		
		Residential & Rural	Business	Total Lines
Trinsic Communications, Inc.	\$836,202	1,172	535	1,707
Universal Access, Inc.	0	0	0	0
Universal Telecom, Inc.	5,840	8	0	8
USCom Telephone, Inc.	1,769	0	0	0
Vantage Telecom, LLC	1,802,374	3,451	1,293	4,744
Valuelinx Corporation, Inc.	0	0	0	0
VarTec Telecom, Inc.	N/A	N/A	N/A	N/A
Verizon Select Services, Inc.	22,775	0	0	0
Victory Communications, Inc.	0	0	0	0
Western Communications, Inc.	186,466		210	210
World Lynx LLC	0	0	0	0
XO Communications Services, Inc.	61,055	0	0	0
XO Network Services, Inc.	0	0	0	0
Xspedius Management of Little Rock, LLC	554,610	0	31,656	31,656
Xspedius Management Co. Switched Services, LLC	946,233	0	2,198	2,198
Totals	\$95,559,186	68,230	109,045	177,275

**Interexchange Carriers (IXC)
Private Pay Telephone Providers (PPTP)
Arkansas Revenues
Year Ended December, 31, 2004**

Company	Arkansas Revenues
01 Communications of Arkansas , LLC	\$0
360Networks (USA) Inc.	0
3U Telecom Inc.	6
X2Comm, Inc. dba Direct Connect Communications	0
A.R.C. Networks, Inc.	2,850
Access One, Inc.	61,899
Access Point, Inc.	7,447
ACCXX Communications, LLC	0
Advanced Tel, Inc. dba Eatel	0
Advantage Telecommunications Corporation	56,846
Affinity Network, Inc. dba Horizon One Communications	358,439
Airnex Communications, Inc.	1,170
Alliance Group Services, Inc.	0
American Long Lines, Inc.	1,477
American Telecommunications Systems, Inc.	10,496
Americatel Corporation dba 10123 Americatel	10,293
Amerivision Communications, Inc. dba Lifeline Communications, Inc.	129,645
Andiamo Telecom, Inc.	78
Arkansas Payphones, Inc.	16,300
ASC Telecom, Inc.	220
Association Administrators, Inc.	45,263
Axcen, Inc. dba Axcen International	527
Axiom, Inc. dba Axiom Communications	0
BAK Communications, LLC	72
Beeline Long Distance	0
BCN Telecom, Inc. fka NUI Telecom, Inc.	13,901
Beierle, Ray, dba Reliable Communications, Inc.	64,331
Bell Atlantic Communications, Inc. dba Verizon Long Distance	625,077
Bellsouth Long Distance, Inc.	196,808
BridgeCom International, Inc.	0
Broadband Dynamics, LLC	10,894
Broadwing Communications Services, Inc.	544,979
BT Communications Sales LLC	0
Budget Call Long Distance, Inc.	0
Buehner-Fry, Inc. dba Resort Operator	20
Business Discount Plan, Inc.	30,903
Business Network Long Distance, Inc.	19,330
Business Productivity Solutions, Inc.	0
Buzz Telecom Corporation	119,321
Call Processing, Inc.	44,705
Casco Pay Phones	6,098
CenturyTel Long Distance, Inc.	12,273,123

**Interexchange Carriers (IXC)
Private Pay Telephone Providers (PPTP)
Arkansas Revenues
Year Ended December, 31, 2004**

Company	Arkansas Revenues
CFL, L.L.C. dba CFL Payphones	\$709
Church, James Michael dba JMC Payphones	811
Cincinnati Bell Any Distance	2,372
Cinemark USA, Inc.	3,420
City Tele Coin Company, Inc.	0
Claricom Networks, Inc.	5,868
Coast International, Inc.	290
Cognigen Networks, Inc.	1,955
Coleman Enterprises, Inc. dba Local Long Distance	854
Comcast Business Communications, Inc. dba Comcast Long Distance	13,346
Communicate Technological Systems, LLC	100
Communications Network Billing, Inc.	0
Communigroup of K.C., Inc. dba CGI	9,353
Comtech 21, LLC	4,603
Com-Tech Resources, Inc. dba Com-Tech Systems	36,852
Connect America Communications, Inc.	3,310
Consolidated Communications Operator Services, Inc.	6,093
Convergia Inc.	1,271
CTC Communications Corporation	1,797
Custom Teleconnect, Inc.	145,478
DCT Telecom Group, Inc.	1,929
D.D.D. Calling, Inc.	129
Dial-Thru, Inc.	325
Dial-around Telecom, Inc.	0
Dialaround Enterprises, Inc.	14,622
Easton Telecom Services, LLC	4,799
E. Ritter Long Distance, Inc. dba Ritter Long Distance, Inc	1,121,550
ECI Communications, Inc.	1,327
Electric Lightwave, LLC	2,970
Encompass Communications, LLC	0
Enhanced Communications Network, Inc.	900
Entrix Telecom, Inc.	99,632
Epixtar Communications Corporation	0
ETS Payphones, Inc.	97,044
Evercom Systems, Inc.	1,151,649
Exergy Group, Inc.	30
Freedomstarr Communications, Inc. dba iPhonebill.com	937
Frontier Communications of America, Inc. dba Citizens Telecom	3,316
Gates Communications, Inc.	60
GE Business Productivity Solutions, Inc.	5,634
Global Crossing Telecommunications, Inc.	257,853
Global Crossing North America Networks, Inc.	0

**Interexchange Carriers (IXC)
Private Pay Telephone Providers (PPTP)
Arkansas Revenues
Year Ended December, 31, 2004**

Company	Arkansas Revenues
Global Tel*Link Corporation	\$202,823
Globalcom, Inc.	14,619
Gold Line Telemanagement, Inc.	3,222
Go Solo Technologies, Inc.	328
Gray, Michael E.	17,908
GTC Telecom	2,528
Horizon Telecom, Inc. dba Horizon Telecom of Arkansas	330
Hunter, Jack L.	113,273
Infone LLC fka North by NortheastCom, Inc.	399
Infonet Telecommunications Corporation	11,098
Intellicall Operator Services, Inc.	370,444
Interstate Telecommunications of Georgia, Inc.	6,280
Inter-Tel NetSolutions, Inc.	61,983
Jaroth Inc.	4,978
KDDI America, Inc.	0
K-PowerNet LLC	0
LCR Telecommunications, LLC	26,446
LDMI Telecommunications, Inc.	340
Least Cost Routing, Inc.	13,404
Legacy Long Distance International, Inc.	4,785
Long Distance Consolidated Billing Co.	1,812
Lotel, Inc. dba Coordinated Billing Services	117,610
Main Street Telephone Company	0
Marathon Communications Corporation	1,554
McGraw Communications, Inc.	43
MCI Worldcom Communications, Inc.	27,167,698
MCI Worldcom Network Services, Inc.	4,328,866
Midessa Communications Management Systems, Inc.	47,000
Morris, Neal R	1,917
NATCO Technologies, Inc.	521,872
National Access Long Distance, Inc.	37,097
National Directory Assistance, LLC	0
National Telephone Company, LLC	21,513
Nationwide Professional Teleservices, LLC	0
NECC Telecom, Inc.	38,786
Netlojik Telecom, Inc.	0
Net One International, Inc.	1,546
Network Billing Systems, LLC	4,084
Network Communications International Corp.	187,476
Network Operator Services, Inc.	3,218
Network PTS	0
Network Services Group, Inc.	19,598

**Interexchange Carriers (IXC)
Private Pay Telephone Providers (PPTP)
Arkansas Revenues
Year Ended December, 31, 2004**

Company	Arkansas Revenues
Network US, Inc.dab CA Affinity	\$4,036
New Century Telecom, Inc.	29,281
NobelTel, LLC	19,486
Norstan Network Services, Inc.	3,940
NOSVA Limited Partnership	367,210
Nowell Communications	7,932
NYNEX Long Distance Company	20
OCMC, Inc. dba Opticom	263,380
OneLink Communications, Inc.	0
Operator Service Company	1,459
OPEX Communications, Inc.	53,464
Paetec Communications, Inc.	6,425
Payphones of Arkansas	94,307
Peak Communications, Inc.	0
Phone 1, Inc.	44,104
Phonetel Technologies, Inc.	247,397
PNG Telecommunications, Inc. dba PowerNet Global Communications	244,757
Prime Time Communications, Inc.	1,302
Primus Telecommunications, Inc.	72,477
Promisevision Technology, Inc.	2,340
PT-1 Communications, Inc.	0
Public Communications Services, Inc.	0
Quasar Communications Corporation	4,665
Qwest Communications Corporation	2,463,466
QX Telecom LLC	46,892
R2C Communications Inc.	0
Red River Networks, LLC	0
Reduced Rate Long Distance, LLC	32,057
Ridley Telephone Company, LLC	0
RRV Enterprise, Inc. dba Consumer Access	0
Ryba, Raymond and Pamela	0
SBC Long Distance, Inc.	44,134,188
Skokos, Douglas K. dba Diller Payphone	1,009
Smartstop, Inc.	5,215
Sprint Payphone Services, Inc.	35,134
Startec Global Licensing Company	966
Styron, Mark dba Texas Inmate Phones Communications	51,260
TDS Long Distance Corp.	243,216
Telco Partners, Inc.	0
Telecare, Inc.	1,696
Telecom Management, Inc.	4,593
Teleconnect Long Distance Services and System Company dba Telecom*USA	325,312

**Interexchange Carriers (IXC)
Private Pay Telephone Providers (PPTP)
Arkansas Revenues
Year Ended December, 31, 2004**

Company	Arkansas Revenues
Tele-Connect, Inc.	\$52,957
TeleDias Communications, Inc.	0
Telefyne Incorporated	0
Teleglobe USA, Inc.	0
Telenational Communications, Inc.	692
Teletrust, Inc.	61,148
Telliss, LLC	209
TeleUno, Inc.	190
Telmex USA, LLC	405
Telrite Corporation	401
TLX Communications, Inc. dba Tel America Long Distance Service	2,901
T-Netix, Inc.	0
T-Netix Telecommunications Services, Inc.	360,397
Ton Services, Inc.	21,951
Total Call International, Inc.	24,190
Touch 1 Communications, Inc.	13,699
Touchtone Communications, Inc.	232,808
Tralee Telephone Company, LLC	0
Trans National Communications International, Inc.	69,205
Tri-M Communications dba TMC Communications	2,216
TTI National, Inc.	443,305
UCN, Inc.	29,897
U.S. Telcom Long Distance, Inc.	43,550
Uni-Tel Communications Group, Inc.	17,188
US Lec Communications, Inc.	77,823
US South Communications, Inc.	17,944
USA Digital Communications, Inc.	5,884
Valor Telecommunications LD, LLC	211,647
Value-Added Communications, Inc.	0
VarTec Solutions	N/A
WDT World Discount Telecommunications Corp.	84
West, Connie Payphones	0
Westel, Inc.	492
Wholesale Carrier Services, Inc.	9,126
WilTel Communications, LLC fka Williams Comm.	15,973,312
Winstar Communications, LLC	4,896
Working Assets Long Distance	36,035
Yak Communications (America) Inc.	40
Zone Telecom, Inc.	23,658
Totals	\$117,563,820

Water & Sewer Companies - Arkansas Only
Plant Investment; Operating Revenues
Year Ended December 31, 2004

Company	Plant Investment	Operating Revenues	Ratio (%) Operating Revenues/Investment
Riviera Utilities of Arkansas	\$1,577,857	\$330,154	20.92%
Sebastian Lake Public Utility Company	315,954	67,706	21.43%
Shumaker Public Service Corporation	943,995	297,816	31.55%
United Water Arkansas	40,413,315	7,638,537	18.90%
Totals	\$43,251,121	\$8,334,213	19.27%

Water & Sewer Companies - Arkansas Only
Customers; Revenues
Year Ended December 31, 2004

Company	No. of Customers	Revenues	Average Revenues Per Customer
Riviera Utilities of Arkansas, Inc.			
Metered General	608	\$275,303	\$453
Unmetered General	1,242	39,451	32
Fire Protection	0	0	0
Other Customers	0	0	0
<i>Totals Without Other Revenues</i>	1,850	\$314,754	\$170
<i>Other Revenues</i>	N/A	15,400	N/A
Totals	1,850	\$330,154	N/A
Sebastian Lake Public Utility Company			
Metered General	90	\$67,706	\$752
Unmetered General	0	0	0
Fire Protection	0	0	0
Other Customers	0	0	0
<i>Totals Without Other Revenues</i>	90	\$67,706	\$752
<i>Other Revenues</i>	N/A	0	N/A
Totals	90	\$67,706	N/A
Shumaker Public Service Corporation			
Metered General	555	\$120,879	\$218
Unmetered General	0	0	0
Fire Protection	48	60,475	1,260
Other Customers	2	110,902	55,451
<i>Totals Without Other Revenues</i>	605	\$292,256	\$483
<i>Other Revenues</i>	N/A	5,560	N/A
Totals	605	\$297,816	N/A
United Water Arkansas, Inc.			
Metered General	18,596	\$7,078,967	\$381
Unmetered General	0	0	0
Fire Protection	146	72,976	500
Other Customers	2	174,005	87,003
<i>Totals Without Other Revenues</i>	18,744	\$7,325,948	\$391
<i>Other Revenues</i>	N/A	312,589	N/A
Totals	18,744	\$7,638,537	N/A
Water and Sewer Industry			
<i>Without Other Revenues</i>	21,289	\$8,000,664	\$376
<i>Other Revenues</i>	N/A	\$333,549	N/A
Industry Totals	21,289	\$8,334,213	N/A

APPENDIX C - RECEIPTS AND DISBURSEMENTS

RECEIPTS

Utility Assessments	\$8,112,044.00	Association Dues	37,855.00
Pipeline Safety Assessments	451,528.00	Marketing & Redistribution Fees	30.00
Other Filing Fees	25,700.00	Vehicle Licenses	302.25
Other Non-Revenue	2,301.01	Credit Card Purchases	15,497.49
Federal Reimbursements	252,044.00	Office Supplies	42,620.11
Sale of Copies	304.00	Subscriptions & Publications	49,317.29
Refund to Expenditures-Prior Year	625.25	Clothing	365.50
Refund to Expenditures-Current Year	1,442.38	Kitchen/Janitorial Supplies	682.45
Total Receipts	<u>\$8,845,988.64</u>	Data Processing Supplies	5,323.90
Less 1.5% Treasury Fees	<u>130,797.43</u>	Penalties	171.00
Net Deposit	<u><u>\$8,715,191.21</u></u>	Software Purchase and Maintenance	58,273.68

DISBURSEMENTS

Regular Salaries	\$5,203,751.95	Licenses and Permits	4,080.00
Group Insurance	356,400.00	Workers Compensation Premium Tax	2,005.96
Retirement	557,136.40	Other Commodities & Materials	11,105.19
Federal Insurance Contributions	377,860.24	Capital Expenditures	186,145.07
FICA-Agency Cost of Arcap	18,544.74	Total Disbursements	<u><u>\$8,316,010.86</u></u>
Postage	8,075.00		
Freight & Moving	6,890.31		
Printing	1,675.55		
Advertising & Clipping Service	7,949.33		
Building Maintenance	292.28		
Furniture & Equipment Maintenance	15,154.71		
Vehicle Maintenance	5,979.92		
Rent of Office Space	510,270.00		
Rent of Furniture & Equipment	30,290.92		
Lease of Pagers & Cell Phones	4,391.53		
Rent Not Classified	17,246.92		
Meals & Lodging	80,068.31		
Mileage	403.78		
Common Carrier	26,833.07		
Other Travel	3,171.49		
Commissioner Travel	26,391.94		
Non-state employee travel	657.60		
Educational Fees	\$46,838.50		
Administrative Fees & Services	456,818.63		
Reimbursable Expenditures	31,459.48		
Court Reporter	44,831.55		
Surety Bonds	38.00		
Vehicle Insurance	10,172.00		
Building & Contents Insurance	2,242.00		
Centrex	50,399.82		

THE ARKANSAS PUBLIC SERVICE COMMISSION DOES NOT DISCRIMINATE ON THE BASIS OF RACE, COLOR, NATIONAL ORIGIN, SEX, RELIGION, AGE OR DISABILITY IN EMPLOYMENT OR IN THE PROVISION OF SERVICES.